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Strasbourg joins the awkward squad
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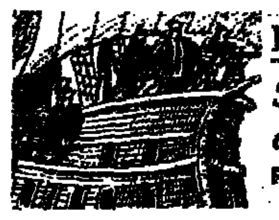

Business in Portugal
Salazar era fat cats are welcomed home
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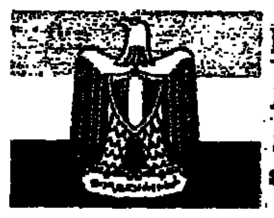

Egyptian reforms
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IN TOMORROW'S
Weekend FT
An old Boer clan faces the new South Africa

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY APRIL 22 1994 — D8523A

Decline in costs helps IBM to a first-quarter profit

International Business Machines reported higher than expected first quarter earnings on slightly increased revenues as costs declined faster than anticipated.

First quarter net earnings were \$392m, or 64 cents per share, compared with a net loss of \$399m, or 70 cents, in the first quarter of 1993. *Revenues* rose 2 per cent to \$13.4bn. Page 17

Travelers, diversified US financial services group, reported operating income of \$342.6m in the first quarter. This was broadly in line with earnings in the previous three months from comparable operations. Page 19

Sears, Roebuck suffered a first-quarter loss of \$97.7m or 27 cents per share after claims related to California's earthquake shook the company's insurance unit. Page 20

Malayan United Industries, Malaysian conglomerate headed by Khoo Kay Peng, said it had paid M\$361m (US\$134.3m) for Rupert Murdoch's remaining 15.1 per cent stake in the South China Morning Post group. Page 21

Move on Hong Kong land: Britain and China have acted to cool Hong Kong's overheated property market by increasing the allocation of land for residential and commercial development. Page 5; Patten pressed on human rights, Page 5

UK economy buoyant: Strong growth in UK retail sales was seen as further evidence of a buoyant economic recovery, diminishing hopes of an early base rate cut. Page 9; Lex. Page 16

Comeback for legendary bullfighter

Legendary Spanish bullfighter Manuel Benitez – "El Cordobes" – said he was returning to the professional bullring after an absence of 13 years. The 57-year-old (pictured here during a charity bullfight in 1986) is expected to make the first of four appearances in the Catalan city of Tarragona on May 21. He told a news conference his fee would be Pta400m (\$2.8m).

Japanese deal on policy: Japan's fractious coalition parties last night reached a compromise over a joint policy platform aimed at preventing a break-up of the government and opening the way for them to nominate foreign minister Tsutomu Hata as prime minister. Page 16; Minister rejects IMF's gloomy forecast, Page 5; Bentsen to press Japan to boost its economy, Page 6

Murder conviction quashed: Paul Hill, one of four people wrongfully convicted in the UK of pub bombings in 1974, won his appeal against conviction for the murder of a former soldier in Northern Ireland, also in 1974.

O&Y row: The creditors which control Olympia & York Developments have accused the failed Canadian developer's surviving US arm of concealing crucial data on its restructuring. Page 17

French bank chief optimistic: France has entered a period of non-inflationary growth based on economic fundamentals, Jean-Claude Trichet, governor of the Bank of France, said. Page 2

Major acts on D-day row: UK prime minister John Major moved to defuse the row over this summer's D-day anniversary by bowing to the demands of veterans for a bigger say in the events marking the 1944 Normandy landings. Page 10

Pledge on female mutilation: In an unusual broadening of their role into social and cultural issues, the World Bank and International Monetary Fund have won a commitment from the government of Burkina Faso to take steps to combat female genital mutilation. Page 6

Texas Instruments, US semiconductor and electronics manufacturer, reported its best ever quarterly results while announcing a restructuring of its European operations and the sale of some of its software product lines that will eliminate about 1,000 jobs. Page 17; UK closure, Page 10

Water boost for Mexico: The US Export-Import Bank and Mexico's national development bank have announced a programme to finance up to \$500m (£336m) for waste water treatment in Mexico over the next five years. Page 7

Etam: The UK company's battle to defend margins in the face of heavy discounting last year from rival fashion retailers helped to boost annual pre-tax profits by 28 per cent to £14m. Page 26

■ STOCK MARKET INDICES

FT-SE 100:	3,101.2	(+2.9)
Yield	3.90	
FT-SE Eurotrack 100	1,438.73	(-8.0)
FT-SE-A All-Share	1,571.02	(+0.1%)
Nikkei	19,799.36	(-82.82)
New York: lunchtime		
Dow Jones Ind Ave	3,615.07	(+18.35)
S&P Composite	445.50	(+3.54)

■ US LUNCHTIME RATES

Federal Funds:	$3\frac{11}{32}$%
3-mo Treas Bills: Yld	3.818%
Long Bond	$87\frac{12}{16}$
Yield	7.261%

■ LONDON MONEY

3-mo Interbank	$5\frac{3}{32}$%	($5\frac{7}{32}$%)
Liffe long gilt future:	Jun $106\frac{1}{2}$	(Jun $105\frac{5}{8}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (Jun)	\$15.12	(14.85)

■ Gold

New York Comex (Jun)	\$374.7	(373.9)
London	\$372.70	(371.8)

■ STERLING

New York lunchtime:		
\$	1.4925	
London:		
\$	1.4869	(1.4858)
DM	2.527	(2.517)
FFr	8.659	(8.6458)
SFr	2.1443	(2.1401)
Y	154.991	(153.483)
£ Index	80.5	(80.1)

■ DOLLAR

New York lunchtime:		
DM	1.69195	
FFr	5.80175	
SFr	1.43585	
Y	103.60	
London:		
DM	1.6882	(1.694)
FFr	5.7849	(5.8189)
SFr	1.4325	(1.4404)
Y	103.545	(103.3)
\$ Index	65.9	(66.0)

Tokyo close Y 102.90

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK\$18	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S\$4.30		
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50		
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00		
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225		
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16		
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.90		
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00		
France	FFr9.00	Kuwait	Fils625	Poland	Zl 32,000	Tunisia	Din1.500		
Germany	DM3.50	Lebanon	US\$1.50	Portugal	Es225	Turkey	L13000	UAE	Dh12.00

Strasbourg to proceed with EU enlargement vote

By David Gardner in Strasbourg

European parliament leaders yesterday decided to go ahead with ratification of EU entry terms for Sweden, Austria, Finland and Norway on May 4, raising hopes that the four newcomers can join the Union next January.

The leaders' decision, which had been in doubt this week, came after the parliament made headway in its demands for equal status with the European Commission, ahead of the EU constitutional review in 1996.

Leaders of the multinational political groups at the Strasbourg assembly yesterday felt confident they could muster the overall majority of 260 out of 518 MEPs to get the vote through in two weeks' time.

Intensive lobbying by Scandinavian and Austrian government and party leaders, and by the European Commission and Council of Ministers of the 12 current EU members, has mollified many Euro-MPs angry at last month's compromise deal on EU voting rights between the UK and its European partners.

As the price of its decision to keep enlargement on the January 1 fast-track, the parliament has demanded equal status with the Commission in the 1996 constitutional review, when national voting weights in the Council of Ministers will be reviewed.

In another show of muscle-flexing, MEPs are also demanding the right to hold US Senate-style confirmation hearings to vet the member states' nominees to the new Commission, due to take office in January.

Parliament must be consulted on a successor to Commission president Jacques Delors, expected to be named at the EU summit in Corfu on June 24-25.

But it can only approve or reject the president and his fellow commissioners in their entirety.

Senior parliament officials say that, just as the threat to delay enlargement was used to prevent the UK getting its way on voting rights, Strasbourg will not put approval of the new Commission on the agenda unless its members appear individually before the parliament's committees.

Despite the parliament's attempts to expand its influence, the Euro-assembly on Wednesday night botched its first attempt to veto a measure by the Council of Ministers, under the new powers

Continued on Page 16
Power to the poor relation, Page 14

Ford's US and Europe operations to be unified

Tougher competition spurs worldwide restructuring

By Kevin Done and John Griffiths in London

Ford of the US, the world's second largest vehicle maker, unveiled plans yesterday for a sweeping restructuring of its global organisation.

It is planning to merge its European and North American automotive operations and its automotive components group into a single operating unit, Ford Automotive Operations.

In a radical attempt to break down traditional national and regional barriers, it is setting up five vehicle programme centres (VPCs) – one in Europe and four in the US – in an attempt to regain a competitive edge over its rivals. Each will have worldwide responsibility for the design, development and engineering of particular vehicle ranges – in the case of Europe for small and medium-sized front wheel drive cars.

Mr Alex Trotman, chairman and chief executive, said Ford would move to a single set of worldwide processes and systems in its product development, manufacturing, purchasing and sales and marketing activities.

According to Robert Transou, who is to become group vice-president for manufacturing, part of the reason for the restructuring, the most radical in Ford's 91-year history, was that "GM was outperforming Ford in Europe; Chrysler was outperforming us in North America – that's simply unacceptable."

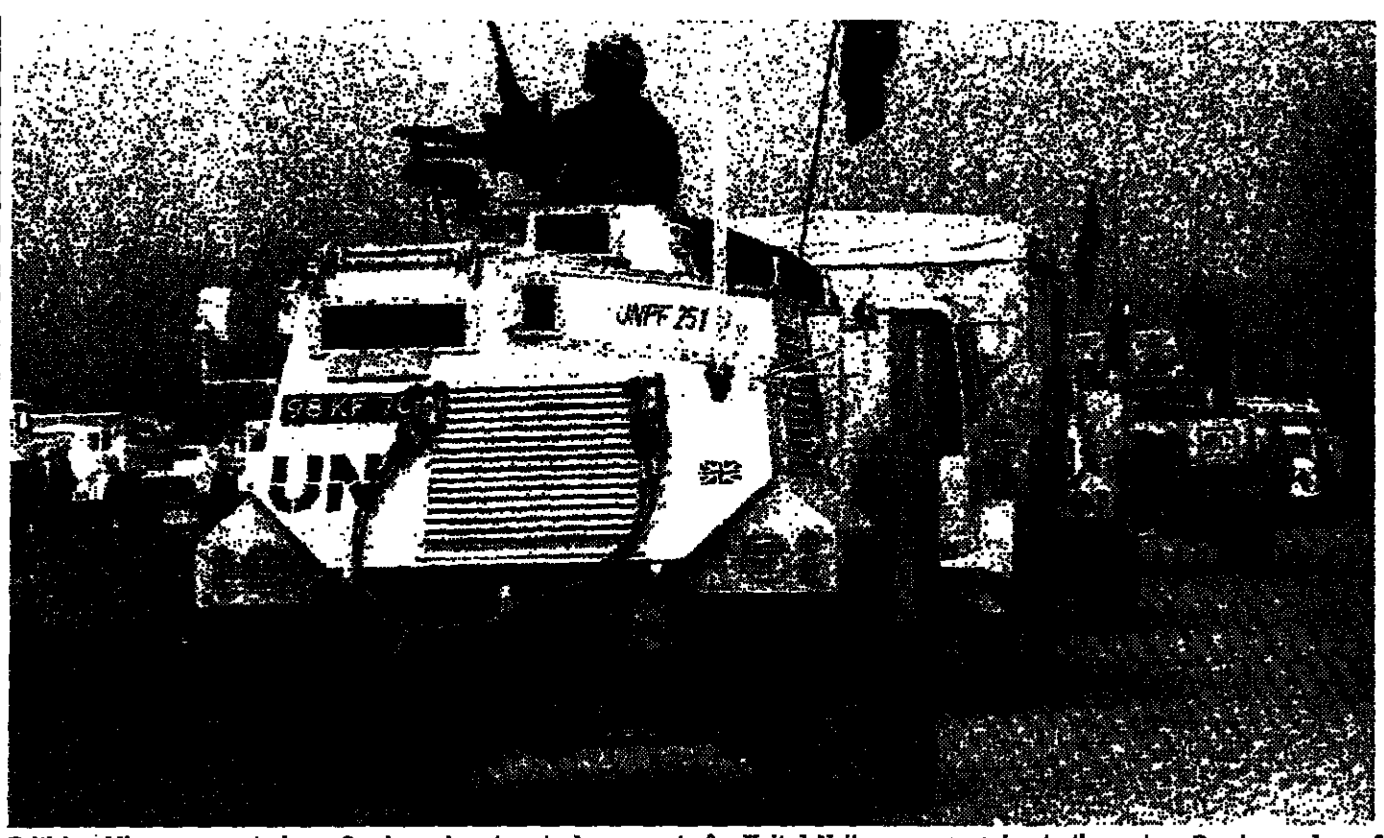
Mr Trotman said the simplification of engineering, purchasing, and technical and other processes would "substantially reduce the cost of operating the automotive business", and could lead to cost savings of at least \$2bn-\$3bn a year by the end of the decade.

Ford is seeking to eliminate the costly duplication of effort and the waste of resources that have allowed it in the past to develop similar cars, engines and transmissions in parallel in North America and in Europe. It is seeking to capture the economies of scale enjoyed by powerful rivals such as Toyota, the Japanese carmaker, which essentially design and engineer a car such as the Toyota Corolla once for the world market.

Mr Trotman said that for the time being Ford's Asia Pacific and Latin American operations would remain separate.

The single Ford Automotive Operations unit is to become

Continued on Page 16



British soldiers prepare to leave Sarajevo airport yesterday as part of a United Nations convoy going to the eastern Bosnian enclave of Gorazde. The US meanwhile proclaimed its "strategic interest" in preventing the war from spreading Report, Page 16 Reuter

Fraud probe into collapsed property group ■ Deutsche Bank opens inquiry

Investigators raid Schneider offices

By Christopher Parkes in Frankfurt

Criminal investigators launched raids across Germany yesterday in a hunt for evidence to support suspicions of fraud after last week's collapse of Mr Jürgen Schneider's private property empire.

The search covered Schneider group offices in Frankfurt, Munich and Königstein, and the homes and other properties of family members and their tax advisers, officials said.

Meanwhile, a private inquiry has been opened at Deutsche Bank, which is owed DM1.2bn (\$700m) by the Schneider group, and which has become the centre of a storm of political and popular outrage over the affair.

According to Mr Hilmar Kopper, the bank's chairman, any "mistakes" uncovered by independent auditors – who are due to report to him in three weeks – would lead to "consequences" for those responsible, including main board members.

Mr Kopper, who is expected to face the press at a briefing next Monday, admitted there may have been "mistakes" after reports that Deutsche Bank had advanced excessive credits on properties which contained less lettable space than Mr Schneider claimed.

These revelations led to speculation that employees at Deutsche and other creditor banks may have been involved in the suspected fraud. The Hesse prosecutors' office said "in clarification" yesterday it was not investigating any bank employees.

This followed a statement from the office's spokesman on Wednesday that such a probe could not be ruled out.

The property group's bankruptcy with debts of more than DM5bn has stirred up further popular antagonism against a banking community already under fire for allegedly failing to pass on lower interest rates to customers and being reluctant to invest in east German industry.

Deutsche Bank has also been heavily criticised for its part in the recent near-collapse of the Metallgesellschaft group, prevented only by a DM3.4bn rescue package.

The Schneider affair, in which

Continued on Page 16

£1.8bn Lloyds bid for sixth largest UK building society

By John Gapper and Alison Smith in London

Lloyds Bank yesterday made a £1.8bn (\$2.62bn) cash bid for Cheltenham & Gloucester Building Society in a move that could spark sharply increased competition to sell mortgages in the UK, and lead to a restructuring of the financial services industry.

The bid, the first attempt by the UK's fourth largest bank to make an acquisition since it failed to take over Midland Bank two years ago, would reward the society's 1.4m members with a minimum cash payment of £500 each.

Lloyds' shares rose sharply after it disclosed the offer, closing 48p up at 585p. Shares of Abbey National, the biggest mortgage lender last year, dropped by 17.5p to 446.5p on the prospect of fiercer competition.

The bid would create the fourth largest mortgage lender in the UK, supplying 7 per cent of the home mortgage market, if it is approved by the society's members. Lloyds would pay the cash to them in the second quarter of next year.

The bid will have to be tested in the High Court because the Building Societies Commission, regulator of the UK's 84 societies, has issued guidance casting doubt on whether a third party can make payments to a society's members.

A Lloyds acquisition of C&G, which is the sixth largest society with assets of £17.7bn, would provide the biggest shake-up in the UK mortgage lending industry since the public flotation of Abbey National in 1988.

In an effort to preclude a rival bid, Lloyds has agreed with C&G that the board will not put any other offer to its members for an undisclosed period. The full terms will be disclosed in a transfer statement this October.

Mr Brian Pitman, Lloyds' chief executive, said yesterday that while Lloyds would not be able to make a further cash bid of a similar size, he did not rule out using shares to make a further acquisition if another opportunity arose.

Under the proposed deal, C&G will retain its own board of directors and act as a separate subsidiary of Lloyds. It will sell mortgages through its 230 branches, and design mortgages for Lloyds to sell under its own name.

Mr Andrew Longhurst, C&G's chief executive, will join Lloyd's board, along with the society's chairman, Mr John Bays. Lloyds will nominate two non-executive directors to C&G's board but will not exert executive control.

C&G approached Lloyds in late October through its adviser, the US bank J.P. Morgan, which it had hired 15 months ago to work on options including flotation.

The cash payments to C&G's members will include even those who are unable to vote, and will give the greatest rewards to those with the largest investments, subject to a maximum of £10,000 payable for any one account.

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 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Bank of France governor says the economy is turning up and inflation remains low

Key French interest rate is trimmed

By John Ridding in Paris

France is showing signs of non-inflationary growth based on healthy economic fundamentals, Mr Jean-Claude Trichet, governor of the Bank of France, said yesterday.

However, he stressed that the government must stick to its policy of reducing the public sector deficit. "It is essential that the effort which has been decided be effectively put in place year after year," he said, referring to the government's five-year plan to curb its deficit.

Mr Trichet was speaking after the central bank announced a reduction in the intervention rate, the key short-term interest rate, by one-tenth of a percentage point to 5.8 per cent. The 5-to-10 day borrowing rate was also cut from 7 per cent to 6.75 per cent.

The moves were in line with the bank's strategy of gradually reducing interest rates in tandem with falling German borrowing costs. On Wednesday the Bundesbank cut its repo rate by 12 basis points to 5.58 per cent.

Investors and economists in Paris said that yesterday's cuts were the minimum expected. But Mr Trichet warned against too rapid a reduction in short term rates. "A brutal reduction in short-term interest rates could damage the economy," he said. According to Mr Trichet, an excessive cut in short-term rates would undermine the bank's objective of internal and external monetary stability, putting upward pressure on longer term interest rates. This would jeopardise investment and housing expenditure, both of which were crucial for economic recovery, he said.

The modest cut disappointed some investors. The CAC-40 index of leading shares on the Paris stock market slipped by 0.5 per cent to close at 2,091. But some welcomed the move. "It was not a big cut, but it shows that exchange rate considerations have not been put above the needs of the real economy," said one currency economist.

The French franc, which this week fell below FFr3.4305 to the D-Mark, its previous narrow band floor rate in the European exchange rate mechanism, firmed after the announcement, closing at FFr3.4270 in London.

Mr Trichet emphasised that the level of the franc remained a central consideration. "The monetary policy committee [of the Bank of France] is extremely attentive to the stability of the franc," he said.

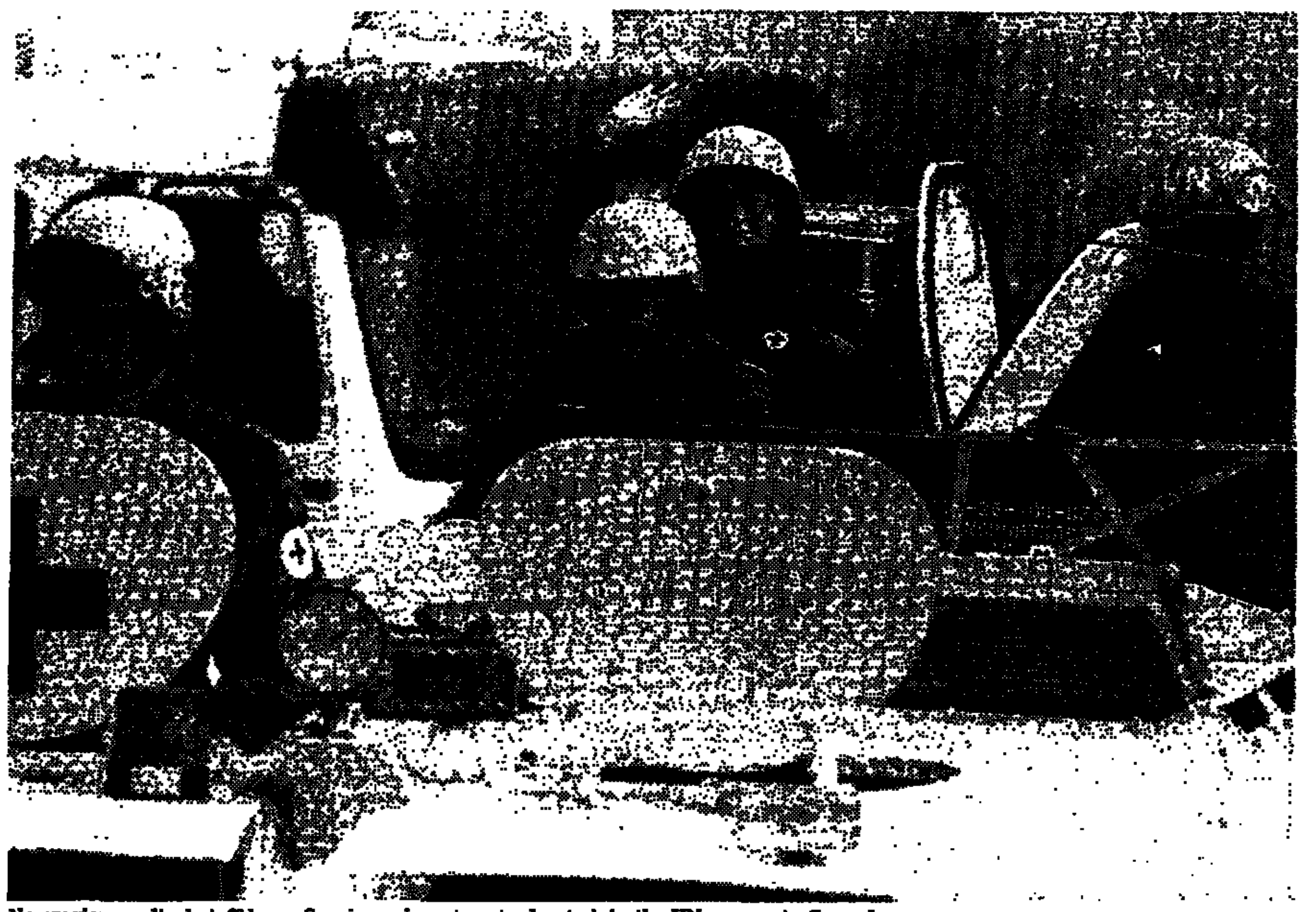
According to Mr Trichet, the economy's strong fundamentals are evident in the inflation rate and the trade balance. Figures released yesterday by Insee, the national economics statistics institute, confirmed that inflation fell in March to an annual rate of 1.5 per cent. The trade balance registered a surplus of FFr89bn (£10.42bn) last year which, Mr Trichet said, reflected industry's competitiveness.

However, the central bank governor acknowledged that France is suffering from a problem of structural unemployment which accounts for an important part of the country's 12.2 per cent jobless rate. Economic officials say that the rate of increase of unemployment has slowed, but they do not expect a reduction in the number out of work until the end of this year.

To ensure recovery, however, Mr Trichet said that efforts to curb government spending must be maintained. He noted that France's public sector debt rose to 44.2 per cent of gross domestic product in 1993, compared with 39.5 per cent in 1992. "This ratio is one of the lowest in Europe, but it is rising," he said.

Trichet: rates warning

Nato tackles Bosnian air strikes dilemma



Norwegian medical staff leave Sarajevo airport yesterday to join the UN convoy to Gorazde

Reuter

Political and moral pressure is mounting for western forces to bomb Serbs for defying UN

By Gillian Tett, Bruce Clark and John Ridding

As Nato diplomats prepare to meet in Brussels to consider the latest proposals from military experts and President Bill Clinton on air strikes in Bosnia, they face a minefield of national and institutional sensitivities.

These sensitivities have to be balanced against revulsion over the Serb attack on Gorazde and political pressure for concrete military action.

Among European countries such as Britain and France, who have contributed ground forces to the UN effort in Bosnia, there is lingering nervousness about Washington's intentions.

Any suggestion of a broad air attack on the Serbs, which dropped all pretence of neutrality in the conflict, will be viewed with deep alarm by Washington's European allies.

Greece and Canada have always had considerable reservations about air strikes and these are to some extent shared by Germany, which is conscious of the danger of alienating Russia.

However, there was relief among European governments on Wednesday night when President Clinton's televised statement on Bosnia focused heavily on existing mandates, notably the UN security council's resolution 836.

That resolution, approved last June, cleared the way for the use of force, including air power, to protect six "safe areas" of Bosnia: Sarajevo, Gorazde, Srebrenica, Zepa, Tuzla and Bihac. Technically, the air strikes carried out near Gorazde 10 days ago were intended to protect UN personnel, as opposed to shoring up the safe haven. Neither purpose was achieved.

Mr Clinton says he wants to extend to the other five areas the "Sarajevo approach" – a combination of threats and diplomacy that was used in February to bring a truce to the Bosnian capital.

In Srebrenica, and more recently Gorazde, the Serbs have established such a tight stranglehold that the term "safe haven" has become meaningless. Establishing those places as fully-fledged havens would mean extracting a huge concession from the Serbs, whose will to fight and anti-aircraft capacity has been underestimated by the west.

However, the main western governments seem to agree that the political and moral pressure for an escalation of air strikes in now unstoppable, and they – as well Nato's secretariat – are determined that in military terms, any operations should be carried out professionally.

In practice, this means giving Nato some flexibility in deciding which weaponry constitutes a threat to the safe areas and therefore in selecting targets.

"The UN will have to determine the overall mandate, but we in Nato will determine how we will do it militarily," commented one official in Brussels.

Nato has not always acted as a mere executor of UN instructions, as diplomats point out. In February, the 10-day deadline for the removal of heavy weapons from Sarajevo was determined by the alliance, not the UN.

There is resistance in Brussels to the idea of taking detailed instructions from Mr Boutros Boutros Ghali, the UN secretary-general, or other "bureaucrats" in New York.

However, Britain and France will both insist on close co-ordination with UN military commanders on the ground.

One Nato diplomat said: "There needs to be unity of command and control between the UN ground forces and Nato.

'An air strike only makes sense as part of a political plan'

"The procedure must be better than in the past. That does not mean we want to control the whole thing.

"But there must be more flexibility as far as our objectives are concerned, and they must not be limited to what Mr Boutros Ghali is asking us to do."

Mr Alain Juppé, the French foreign minister, said yesterday that more air strikes made little sense unless they were part of a political plan.

"However determined we are to use air power there is no lasting solution unless it is political," Mr Juppé said. "An air strike only makes sense if its is carried out as part of a political plan, as in Sarajevo. We must pursue the diplomatic route and accelerate it."

Other members of the French government are thought to harbour even greater reservations than Mr Juppé about the use of air power, and there is an instinctive suspicion in Paris at the idea of handing too much power to Nato's military structure.

France is also stressing the need to keep US, European and Russian policy in as close harmony as possible.

EUROPEAN NEWS DIGEST

Eurocorps aims outside region

Eurocorps, the newly-formed army group with divisions from France, Germany and Belgium, will provide rapid reaction forces for Europe even beyond EU boundaries. Lieutenant General Helmut Willmann, its commander, said yesterday it would provide rapid deployment forces outside the central European area once German constitutional difficulties had been resolved. This would be in addition to its role of defending continental Europe.

Eurocorps currently has 650 main battle tanks and 50,000 troops. At present it would have to use transport aircraft such as the Hercules for its rapid deployment forces. However, it is thought keen to use the Future Large Aircraft (FLA), a bigger military transport being designed by a European consortium. The endorsement will come as a boost to the consortium, which is facing an uphill battle in Britain. The Royal Air Force has to choose between ordering the new generation of Hercules C-130J aircraft, and refurbishing its existing fleet while waiting for the FLA. British Aerospace, part of the FLA consortium, argues that Britain will lose its position as sole wing manufacturer for such European projects if the RAF chooses the US Hercules. *Bernard Gray*

German threat to British beef

All the main political parties in the German parliament yesterday agreed on the need for tougher restrictions on the import of British beef, including if necessary a unilateral import ban, in order to curb the spread of bovine spongiform encephalopathy (BSE). The ban demanded by a meeting of agricultural and health experts in the governing Christian Democratic Union would affect any animals more than three years old.

Mr Peter Hintze, CDU secretary-general, said Germany would be calling for such a ban at the EU farm ministers' meeting in Brussels next week. If there was no agreement, "in an emergency an import ban will have to be put into effect by Germany unilaterally". Mr Horst Seehofer, health minister, said he had already ordered further measures to prevent any human exposure to BSE, including a ban on the use of any cattle parts or beef from the UK in children's food products, and the registration of any cattle imported from the UK since 1986. *Quentin Peel, Bonn*

Ankara in talks with IMF

Turkey is negotiating with the International Monetary Fund for a standby facility to help underpin its recently unveiled austerity programme, a senior Turkish official confirmed in London yesterday. Mr Emre Gonensay, senior adviser to President Suleyman Demirel, said Ankara's financing request from the Fund "was of the order of $1.2bn." He also confirmed that Turkey is talking to several US banks about a possible club loan. (

A senior treasury official said that, following an IMF mission expected in Ankara next week, a letter of intent could be signed by the end of May paving the way for Turkey to return to the commercial debt markets. The country needs $4.5bn just to repay maturing debt in 1994. Total debt now stands at $66bn. Turkey borrowed around £4bn in 1993, all of it in the bond markets. Officials yesterday ruled out an early return to the bond markets until the IMF facility was in place. *John Murray Brown, London.*

Human rights courts reform

The committee of ministers of the Council of Europe, the 32-nation forum for human rights and democracy, voted in Strasbourg yesterday to create a new permanent Court of Human Rights. The present two-tier system of a European Commission of Human Rights and a 17-judge Court has been heavily criticised as cumbersome and inefficient. Individuals have first to satisfy the Commission they have an arguable case before being allowed access to the Court.

In future all individuals will have direct access to the new court which will normally sit in chambers of seven judges. Only in exceptional cases will the court sit as a grand chamber of 17 judges. Clearly unfounded cases will be dealt with by committees of three judges. The committee of ministers will retain its role of ensuring that governments comply with the Court's judgments. The change should speed up the handling of cases; under the present system few are resolved in less than five years. *Robert Rice, Legal Correspondent*

Greek-Albanian tension rises

Greece yesterday expelled a second Albanian diplomat after a meeting of public order ministry officials failed to resolve increasing tensions between the two countries. The officials had met to discuss last week's cross-border raid on a military camp in southern Albania, in which two Albanian soldiers were killed. The Albanian officials claimed that Greek commandos were responsible; their Greek counterparts denied the charge and accused Tirane of stepping up human rights abuses against the ethnic Greek minority in southern Albania. The official Athens News Agency said three senior members of the ethnic Greek political movement Omonia had been arrested and charged with "anti-constitutional activity."

The Greek and Albanian foreign ministers, Mr Karolos Papoulias and Mr Alfred Serreqi, have agreed to meet on May 3 in Zurich to try to improve relations. *Kerin Hope, Athens*

Italian business empire seized

The L2,000bn (£833m) grain and property empire of Mr Pasquale Casillo was yesterday seized by magistrates after the Foggia-based businessman was arrested on charges of links with organised crime and defrauding the European Union.

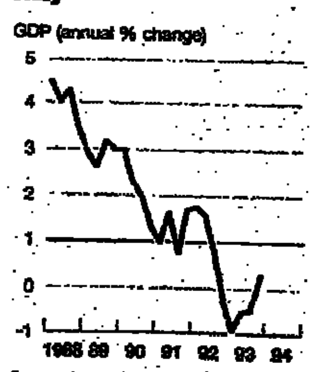
Mr Casillo, chairman of Foggia football club, is alleged to have cheated the EU of some L300bn. This is believed to be the biggest single charge brought against an individual for such an offence. His arrest apparently followed information supplied by members of the Camorra, the Naples Mafia, which earlier this week led to the arrest of the former head of the Naples police and other senior policemen. *Robert Graham, Rome*

ECONOMIC WATCH

Italian GDP on the increase

Italy

GDP (annual % change)



Source: Datastream

Italian gross domestic product rose by 0.3 per cent year-on-year in the fourth quarter of 1993, the first rise for more than a year, the Istat national statistics institute said yesterday. Industrial sales rose 5.7 per cent year-on-year in December. The figures "point to a technical end to recession," said Mr Giuseppe Abbotto, economist with Fimat Futures in Milan. The IMF this week predicted Italy's economy would grow by 1.1 per cent this year and 2.5 per cent in 1995, after a 0.7 per cent decline last year. *Reuter, Milan*

■ Dutch unemployment in the first quarter surged to 520,000, a nine-year high and 33 per cent above a year earlier.

■ France's consumer price index rose 0.2% in March after a 0.3% rise in February, the National Statistics Institute, Insee, said yesterday.

■ Annual inflation in the European Union was 3.2 per cent in March, down slightly from 3.3 per cent in February, according to figures released today by Eurostat, the EU statistical office.

■ House building in France continued to pick up in the first quarter to 81,900 housing starts, up 18.7 per cent on the same period in 1993, the French Housing Ministry said yesterday.

Spanish PM tries to limit the damage

By David White in Madrid

High-level corruption and *financial misdemeanours* appear set to keep the centre-stage in Spanish politics. *New* parliamentary committees are being set up to investigate party funding and the financial affairs of Mr Mariano Rubio, the former governor of the Bank of Spain.

Facing acute embarrassment and pressure for heads to roll over the latest controversies, Mr Felipe González, prime minister, has tried to limit the damage to the minority socialist government's reputation through a series of new anti-*corruption measures. These* include establishment of a spe*cial prosecutor's office, tougher* penalties for offenders, and increased powers for the audit tribunal which monitors public sector accounts.

The scope of rules obliging senior officials to declare their personal interests will also be widened.

At the end of an angry two-day state-of-the-nation debate on Wednesday, the government narrowly avoided a special parliamentary investigation into the so-called Filesa *affair, involving alleged illegal* contributions to party funds through a *group of companies* in the late 1980s.

Instead, a parliamentary committee will investigate the funding of all parties since 1979, when the first elections were held under Spain's current democratic constitution.

A separate committee will look into the business dealings of Mr Mariano Rubio, Bank of Spain governor from 1984 to 1992. He was interviewed by prosecutors earlier this week about allegations that he chan*nelled profits from stock* investments into a secret *account hidden from the tax* authorities. Mr Rubio has said he *was* "not aware" of holding a secret account or cheating the taxman.

Another committee is already investigating Mr Luís Roldán, former head of the paramilitary Civil Guard, in a controversy involving alleged commissions on building contracts and payments from so-called "reserved" funds. Parliament voted on Wednesday to bring these reserved funds under its own control rather than that of ministers.

The series of allegations and the government's belated response in proposing a crackdown on corruption has put Mr González clearly on the defensive. A poll commissioned by El Mundo, the investigative anti-government daily which published the latest allegations in the Rubio affair, showed yesterday *that almost* 57 per cent of respondents considered *him responsible and* 46 per cent thought he should resign.

A *majority of almost* 60 per cent, including a large propor*tion of Socialist voters, sought* the resignation of Mr Carlos Solchaga, economy minister at the time Mr Rubio held office and now the leader of the Socialist parliamentary group.

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Return of Portugal's capitalist families

Peter Wise on the restoration of the businesses that fell in the 'revolution of the carnations' 20 years ago

Twenty years ago men like Mr Ricardo Salgado Espírito Santo were depicted in graffiti on the walls of Lisbon wearing top hats, smoking fat cigars and clutching fistfuls of dollars. A large boot was usually drawn behind them showing what the young army captains who seized power on April 25 1974 planned *to do with the capitalists who* had prospered under 48 years *of right-wing dictatorship.*

The boot landed in 1975. Like other business leaders, the Espírito Santos, the second largest of seven family groups that accounted for almost three-quarters of Portugal's gross domestic product under the dictatorship of Salazar and latterly Caetano, lost 95 per cent of their assets through nationalisation. Long-haired commandos marched their patriarchs into jail. Others fled into exile.

Two decades later, Mr Espírito Santo now appears on *the glossy covers of Portuguese* business magazines and is *respectfully* interviewed on television. Back as president of the bank wrested from his family for 17 years, he is admired by a society that unashamedly prizes business success despite all the efforts made during the "revolution of the carnations" to bury capitalist values.

Families such the Espírito Santos, the Mellos and the Champalimauds lost almost everything, started afresh abroad and returned after making enough money to buy back the companies that had been taken from them.

They have been welcomed back with open arms – but virtually no financial compensation – by a government eager to stimulate private enterprise to help Portugal compete in the single European market. Even the "angry young cap*tains" who led the 1974 coup* show little resentment.

"Personally, I would have liked to have seen Portugal *evolve into a less markedly* capitalist society," says Lt Col *Vasco Lourenço, a hero of the* revolution. "The patronage of *the old regime enabled these* businessmen to flourish. But no stigma should be attached to them today because they are competing on the same terms as everyone else."

'We have proved that we are true entrepreneurs'

Mr Espírito Santo believes he has earned the endorsement. "What most pleases me about our return to Portugal is that we have proved we are true entrepreneurs who can survive in a competitive international market without the government protection we enjoyed before the revolution."

The Salazar regime promoted a handful of powerful business families by regulating which companies could operate in which sectors and closing the country off to foreign investment. This oligarchy sheltered business groups from competition but also prevented them from developing entrepreneurial skills and a free-market *mentality.*

"It was only when we were *forced to start again from* scratch outside the country that we learned what it takes to survive in an open market," said Mr Espírito Santo.

The centre-right government of Mr Aníbal Cavaco Silva, the prime minister, is reversing the post-revolutionary nationalisations with a re-privatisation programme that has already turned most of the financial sector over to private owners and is now *focusing* on industrial companies.

*"The alternatives to capital*ism we put forward have *clearly failed," said Col Lour*enço, acknowledging the financial ruin that has beset many nationalised companies.

Mr Luis Mira Amaral, industry minister, said: "Portugal deeply wronged the businessmen whose companies were taken over by the state. The right policy would have been to allow the survival of the fittest by liberalising the economy. We are happy they are returning. We need all the successful businesses we can get."

But there have been no special privileges. Mr José Manuel de Mello complains that the prices of re-privatised companies are far in excess of what their former owners were paid in compensation. They were awarded 28-year bonds, widely described as "wallpaper", paying 2.5 per cent interest when inflation was running at 30 per cent. One former owner estimated the compensation represented 2 per cent of the market value of his shares and many are still fighting in the courts for what they consider just compensation.

Mr de Mello's family owned Companhia União Fabril, an *industrial conglomerate of* more than 100 companies that was broken up and largely nationalised after the revolution. His survival raft was Lisnave, a ship-repair yard that escaped state takeover. He is now lining up a Esc100bn (£387m) bid for control of Banco Totta e Açores, a bank formerly owned by his family but controlled by Banesto, the Spanish bank, since its re-privatisation in 1989.

When soldiers with machine guns burst into a board meeting of Banco Espírito Santo (BES) to arrest the directors on March 11 1975, the family owned the bank, the insurance company Tranquilidade, shareholdings in many of Portugal's leading companies and extensive coffee, sugar and cotton plantations in Angola and Mozambique, then Portuguese colonies.

"We were left *only* with a few art objects and our homes, which we *sold at very low* prices because they were *threatened with occupation,"* said Mr Espírito Santo.

Mr Manuel Espírito Santo Silva, his cousin and then pres*ident of the group,* spent five months in jail, crammed in a cell with 14 others. He was summarily tried for economic sabotage, acquitted and released. He died in London, aged 57, before his family regained control of its bank and insurance company.

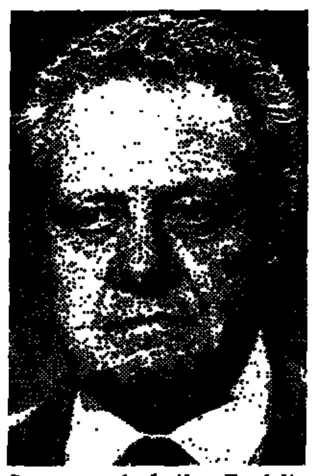
The group's six senior partners went into exile, regrouping in Luxembourg where they mustered $20,000 to set up Espírito Santo International Holding. They founded a small bank in Brazil and raised capital on the international bond market.

In 1986, Mr Mario Soares, Portugal's Socialist prime minister who is now president, asked them back. Mr Soares said this spirit of forgiving, also extended to the Pide, the political police of the former regime, *had been essential to* Portugal's successful transition *to democracy.*

The Espírito Santos began again in Portugal by *opening* a small merchant bank in part*nership with France's Credit* Agricole. They bought control of Tranquilidade when it was re-privatised in 1989 and of BES in 1991, re-establishing themselves as the country's leading financial family.

"The employees wanted us back and turned down the offer of a Spanish bank to finance a management buy-out," said Mr Espírito Santo. "Our dedication is now to our work, not to remembering the past."

Salazar: virtual monopoly for the Espírito Santos



Soares: asked the Espírito Santos to return

Cavaco: no special privileges for the Espírito Santos

Rush to give blacks a share of capitalist cake

Mark Suzman and Patti Waldmeir on attempts to dismantle economic apartheid

SOUTH AFRICAN ELECTIONS April 26-28

"Nationalise the mines," says the election manifesto. "Take the country's wealth out of minority hands and give it to the people." The slogans may have a contemporary ring in South Africa, but they come from a 1948 pamphlet published by the National party in the year it came to power. Big business panicked, realised the need for Afrikaner stakeholders in the private sector, and rapidly sold off big chunks of the economy to Afrikaner interests.

The process, which culminated in the purchase of General Mining, later Gencor, one of the big gold mining houses, by an Afrikaner consortium proved successful and the new government decided not to follow through with its threats.

Now, with South Africa's first black government expected after elections next week, the same slogans are being bandied around by the African National Congress, and big business is trying to shape a similar response.

In the past year, the country's giant conglomerates have sold off *The Sowetan*, the country's biggest daily newspaper, Metropolitan Life and African Life, two life assurers, and Prima, a merchant bank now renamed Miba, to black investors, all on favourable terms and often with generous financing.

Now, to put the icing on the growing black corporate cake, Anglo American, the country's most powerful corporation, has announced plans to sell control of most of Johannesburg Consolidated Investments, another of the big mining houses, to black investors.

But while this profusion of deals testifies to the growing visibility of black businessmen (there are few women), it is also symptomatic of their continued weakness. Organisations such as the Black Management Forum, a group helping identify and develop black managers for the private sector, are expanding rapidly, but the pool of qualified, and wealthy, black people who can be tapped for such initiatives remains small. Blacks still own fewer than 5 per cent of shares on the Johannesburg Stock Exchange and black directors make up only 2 per cent of the total – although this compares with ¼ per cent five years ago.

Reflecting this, blue chip directorships tend to go to individuals with relatively little direct business experience but good political contacts or a high profile. Some, such as Mr Enos Mabuza, a former "homeland" leader with close ties to the ANC, are in the enviable position of being forced to turn down board positions such has been the proliferation of offers.

The exact mechanism of the JCI transfer has yet to be announced. It is estimated that black savings societies, companies and union pension funds could raise at most R3bn (£560m) to finance the transaction, short of a purchase price in the region of R5bn.

Even among unlisted businesses, black dominated sectors are few and largely restricted to the black customer market, such as the minibus taxi sector or black hair-care products. Such companies are also hampered by a lingering suspicion about black managerial ability – even within the black community itself.

"The main problem is that people don't want to buy shares in a black company because they think it will go under," says Mr Sam Mkhwanazi, a shareholder in Methold, parent company of Metropolitan Life, South Africa's first black-owned and black-run insurance company.

Gone are the days when owning shares was viewed as ideologically unsound by blacks, under the influence of radical unions allied to the South African Communist party. Still, says Dr Nthato Motlana, Methold chairman, "the sale of shares to black South Africans has never been easy" – and it is not easy now.

"There is still a basic lack of trust in black skills and this will only wear off with time," says Mr Thami Mazwai, editor of Enterprise, a black business magazine.

These perceptions are reinforced by recent media allegations of mismanagement at companies such as National Sorghum Breweries, the country's largest black-owned and black-run corporation.

Impressive recent growth of the National African Federated Chamber of Commerce, the country's premier black business organisation, has brought its membership to 150,000, but the majority of these are essentially one-man shows such as taxis and shopkeepers.

Mr Archie Nkonyeni, Nafcoc president, estimates that, including the informal sector, black-run enterprises account for only some R20bn in an economy with a GDP of about R400bn, although they make up 75 per cent of the population.

One route being explored is joint ventures or franchising schemes with foreign companies. Both the US government's Overseas Private Investment Corporation and Nafcoc are seeking out American parents for black South African business.

Already, companies such as Nike, Pepsi and Sun Microsystems have selected black partners for their return to South Africa. Inevitably, however, most of these schemes tend to enrich the same small group of prominent businessmen as the only available blacks with the expertise.

"There is tremendous potential for black entrepreneurship," asserts Prof Wiseman Nkuhlu, President of the BMF. However, A recent World Bank study notes that inadequate technical, administrative and managerial skills and lack of access to financing are severely hampering further growth of black-owned enterprises.

Aware of these constraints, the ANC has said that nurturing black business is now one of its "central economic strategies". As a result, the new government will be expected to redirect both small business development aid and state contracts to black companies.

Indeed, the precedent of successful National party patronage for Afrikaner business is widely recognised. Says Mr Nkonyeni: "State assistance can be very useful in empowering the black community – and there is still a very long way to go before blacks are properly represented in the economy."

For apartheid had a double impact: not only did it impede blacks from entering the corporate world, it undermined their ability to succeed once they got there. And worst of all, its legacy is likely to live on into the new South Africa: prejudice against black companies will not disappear until blacks prove that they can compete in what will remain a predominantly white corporate world.

Conservative party to maintain poll boycott

South Africa's right-wing Conservative party last night announced that it would maintain its poll boycott, dashing hopes that all mainstream parties might participate next week in the first all-race elections, write Michael Holman and Mark Suzman in Johannesburg.

Mr Ferdi Hartzenberg, CP leader, said that his party would not take part in the elections as he had been unable to get satisfactory guarantees from the African National Congress, which is expected to dominate the new government, and the long-ruling National party on the creation of an Afrikaner *volkstaat*.

He said that without solid constitutional guarantees, the CP had no option but to follow an unspecified "route of resistance".

Meanwhile, the demise of the black "homelands" continued yesterday as Mr Nelson Ramadike, chief minister of Lebowa, was stripped of his powers by the governing Transitional Executive Council and was removed from his position on the African National Congress's official list of candidates for the election.

The homeland administrations are scheduled to come under the administration of the newly elected government at the end of the month but uncertainties about salary and pension arrangements after April have provoked widespread strikes, bringing many services to a standstill.

Israel and PLO move closer to agreement

By Julian Ozanne in Jerusalem and Virginia Marsh in Bucharest

Israel and the Palestine Liberation Organisation drew close to completing a long-delayed agreement on Palestinian self-rule yesterday, but disputes over Palestinian jurisdiction and economic relations continued to dog the peace talks.

"We are at the beginning of the end, and we are trying to find a way how to complete this great historic voyage of the Palestinian people and the Israeli people," Mr Shimon Peres, Israeli foreign minister, said after holding talks in the Romanian capital Bucharest with Mr Yassir Arafat, PLO chairman.

Mr Arafat, while saying he "hoped" the peace process was irreversible, added: "We are seeing the talks being protracted ... Mr Peres has the upper hand. He is the occupier. He has to decide if he is going to withdraw or not. We hope he is going to implement what he agreed upon."

In Cairo, both PLO and Israeli negotiators said they were on the brink of a solution to the issue of the extent of jurisdiction Palestinian courts would have over Israelis and foreigners in the self-rule areas.

Mr Nabil Shaath, chief PLO negotiator, and General Amnon Shahak, his Israeli counterpart, said the two sides could finish their work by the end of next week's round of talks after months of slow-moving negotiations and delays.

"The big possibility is that we will finish next week and this will allow for the agreement to be signed in the following week directly," Mr Shaath said.

In Paris, however, Mr Avraham Shochat, Israeli finance minister, said talks on economic relations between Israel and the future Palestinian economy had run into "serious problems".

Mr Shochat said the PLO had raised new demands unacceptable to Israel on imports and a Palestinian currency which had torpedoed hopes for the signing of an economic agreement this week. The minister said the PLO had asked to double the list of products which could enter the Palestinian economy at customs duties lower than those levied by Israel.

"I am not ready to make concessions that will harm our economy," Mr Shochat said.

A PLO negotiator accused Israel of preaching the economic philosophy of open borders but insisting on rigid restrictions of the movement of labour and agricultural products.

In Bucharest, Mr Peres said his talks with Mr Arafat were aimed at wrapping up final negotiations on the self-rule pact and preparing the way for a summit between Mr Arafat and Mr Yitzhak Rabin, Israeli prime minister, in Cairo. This meeting would precede a formal signing ceremony.

Before the final signing Mr Rabin and Mr Arafat are expected to negotiate for two to three days to agree some sensitive political issues which touch on Palestinian demands for attributes of statehood. These include passports, postage stamps, a telephone code, the final size of the Jericho area, border arrangements and possibly PLO demands for a separate currency.

Mr Peres said he had spent much time in Bucharest calming Mr Arafat's fears about many aspects of the Israeli-Palestinian peace deal. "We are making progress," he said. "The main purpose of our meetings is to crystallise the last stage of the negotiations."

Mr Peres said he and Mr Arafat may join negotiators in Cairo next week to help push along the last stage of negotiations. Mr Peres also said he and Mr Arafat had agreed a meeting would be held on May 2 in Cairo with foreign donors funding the Palestinian police and meeting the running expenses of Palestinian administration.

Neither Mr Peres nor Mr Arafat made any comment about whether they had discussed the last main security issue blocking the agreement – the zoning arrangements for the Gaza Strip. As both Israel and the PLO seemed to indicate increased optimism about an imminent completion of self-rule negotiations, Mr Rabin yesterday sent a message to Syria saying he was willing to evacuate Jewish settlements on the occupied Golan Heights in return for peace.

Shiu Chi Ho, sentenced to 12 cane strokes in Singapore

Singapore caning for HK youth

A Singapore judge who last month ordered six strokes of the cane for an American teenager for car vandalism, yesterday sentenced an Asian youth to 12 strokes and eight months in jail in the same case, Reuter reports from Singapore.

Judge F.G. Remedios found 17-year-old Shiu Chi Ho of Hong Kong, who has a British passport, guilty of four charges of spray-painting cars in the company of American Michael Fay and others last September.

Shiu was also fined S$1,500 (£685) for three traffic offences. He was released on bail of S$75,000. His lawyer said he would appeal.

Fay, whose case has drawn the attention of President Bill Clinton, is currently in a Singapore prison waiting the outcome of a last appeal to Singapore President Ong Teng Cheong.

Sihanouk defies threat from Khmer Rouge

King Norodom Sihanouk said the Khmer Rouge yesterday urged him to leave Cambodia at once because the guerrillas plan "big trouble in Phnom Penh and throughout Cambodia", AP reports from Phnom Penh.

King Sihanouk said the letter from Mr Khieu Samphan, the Khmer Rouge president, said "his troops will conduct big trouble, starting from tomorrow". The king said he would not leave.

Khmer Rouge attacks have escalated in recent days. On Tuesday the Khmer Rouge recaptured its headquarters at Pailin, in western Cambodia near the Thai border.

India may sell train inspection

Indian railways, one of the largest rail networks in the world, is considering handing over its massive ticket control system to private agencies, according to Mr M.K. Rao, the Railway Board chairman, Reuter reports from New Delhi.

He said the move would help cut losses incurred as a result of people travelling without tickets. Private agencies would be expected to be more diligent in examining tickets, he said. Officials were "seriously thinking of handing over ticket examination work to private agencies to increase income".

هكذا من الأصل

Japan rejects IMF growth pessimism

By Paul Abrahams in Tokyo

Mr Juro Saito, Japan's deputy finance minister, yesterday rejected International Monetary Fund forecasts that his country's economy would register the lowest growth rate of any of the Group of Seven leading industrial nations.

The IMF announced this week that it expected Japan's economy would grow only 0.7 per cent during 1994. But Mr Saito insisted that the government's target of 2.4 per cent during the fiscal year ending March 31 was attainable.

"The economy has become brighter and is unlikely to fall further," he said. His claims follow meetings with regional finance bureau chiefs who said there were signs of recovery throughout Japan. The country has been suffering the longest and deepest recession since the Second World War.

However, Mr Saito's comments were made as data cast doubt on a consumer-led recovery. Japan's household spending for February registered its first fall in four months, according to the Management and Co-ordination Agency.

Mr Peter Morgan, chief economist at Merrill Lynch Japan, said the 0.5 per cent year-on-year fall in household spending, while weaker than expected, followed an unexpectedly strong January when it increased 2.7 per cent.

"Consumer spending remains, on average, on an upward curve, and the first quarter this year will have been stronger than the last quarter during 1993," he said. However, Mr Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, said yesterday that the Japanese economy remained in the doldrums and showed few signs of recovery.

The economy was neither improving nor worsening, he added. But he warned that continuing political uncertainty, increases in public utility rates, and the yen's appreciation against the dollar all threatened a recovery.

Mr Morgan agreed: "The major risk to the economy is a renewed rise of the yen. If that happens all bets are off and the economy could head into a triple dip. It's touch and go and we're not out of the woods yet."

The chances of a manufacturing-led recovery remain bleak. Mr Yutaka Kume, chairman of Nissan, the automotive group, and outgoing chairman of the Japan Automobile Manufacturers Association, said yesterday that domestic vehicle sales were unlikely to recover from the current slump until next year.

Sales so far during April had been down nearly 20 per cent compared with the same period last year, after showing some signs of recovery in March, he explained.

Australian securities suit filed against Spalvins

By Nikki Tait in Sydney

The Australian Securities Commission yesterday filed a suit against Mr John Spalvins, who built up the Adelaide Steamship group in the 1980s, as well as four other former directors of the company and Deloitte Haskins & Sells/Deloitte Ross Tohmatsu, the former auditors of the group.

The ASC, acting on behalf of the Adsteam group, is demanding that A$340m (US$246m) be repaid to the company – an amount which it claims is equivalent to "improperly paid dividends and interest". The suit is a civil action, and while claiming that the defendants breached their fiduciary duties or were negligent, does not allege any criminal behaviour.

In the action, filed in the Federal Court in Adelaide, the ASC maintained that the former directors and auditors caused Adsteam's profit for 1990 to be overstated by at least A$518m in the accounts.

The accounts, to year-end of June 1990, and certified in the following October as "true and fair" by the directors and auditors, said that the company had "achieved its 14th consecutive record profit for A$220.3m, notwithstanding high interest rates and the difficult economic climate in Australia". Yet, as the ASC notes, a month later the company's share price had dropped to 35 cents – compared with A$3.53 when the results were announced – and Adsteam entered into an arrangement with its bankers.

Since then, management of Adsteam has changed and attempts have been made to restructure the group. However, the company has continued to struggle with its heavy debt levels, which still stood at A$1.7bn last November. Attributable losses over the three years to end-June 1993 have totalled close to A$2bn.

The ASC alleges that, when reporting the A$220.3m profit, directors and auditors failed properly to account for various loans and inter-company transactions.

The watchdog goes on to claim that the former directors authorised A$228m to be paid in interim and final dividends in relation to the 1990 financial year, in breach of their fiduciary duties and provisions of the state's companies code.

The ASC added that it was "in no way" criticising the present directors or the group's current business activities. If the action is successful and damages are awarded, the money will flow back to Adsteam.

Reuter

US troops with a Patriot air defence system near the South Korean capital Seoul

N Korea invites IAEA inspection

North Korea yesterday offered the outside world a look at key evidence in a row over its alleged secret atomic bomb project, inviting United Nations experts to watch while its main nuclear reactor is refuelled, Reuter reports from Vienna.

Mr David Kyd, International Atomic Energy Agency (IAEA) spokesman, said inspection of the Yongbyon reactor's exhausted fuel core was vital to try to clear up allegations that Pyongyang was developing nuclear weapons.

He said the UN agency responded positively to the new North Korean offer and, provided other elements of a fresh IAEA inspection could be agreed, an expert mission would leave for Yongbyon next week.

The presence of inspectors was necessary "in order to verify that there has been no diversion of nuclear materials," he added.

Mr Kim Il-sung, the North Korean leader, earlier this week strongly denied that his country possessed, was producing or planned to make nuclear weapons.

But Mr William Perry, US defence secretary, said yesterday before leaving Seoul for Tokyo that Washington was certain a secret nuclear arms project was under way, adding that inspection of the spent reactor core was imperative.

In its response to the new offer, the IAEA set out the measures it would require to take during the removal of the spent fuel and additional steps at nuclear facilities in order to verify that no uranium had been spirited away.

The uranium fuel rods in the Yongbyon reactor, which was started up in 1986, are almost exhausted and must be replaced in the next few weeks.

UK-China act to contain HK property prices

By Simon Holberton in Hong Kong

Britain and China have acted to cool Hong Kong's overheated property market by increasing the annual allocation of new land for residential and commercial development, in a move which might presage the resumption of Sino-British co-operation over the territory.

At a meeting of the Sino-British Land Commission, a bilateral body which governs government land sales, the two agreed on a 35 per cent increase to 31.4 hectares in land for residential, commercial and industrial development.

Rising property prices have been a main political issue in Hong Kong this year. Chinese government officials and the Hong Kong government have seized on it to underline their concern for the public's welfare.

Although few expect a dramatic improvement in Sino-British ties, the swift, business-like meeting of the Land Commission suggested a more positive tone to bilateral discussions, something which has been visible in other contacts as well.

This improvement comes at a time of heightened speculation that Mr Lu Ping, Beijing's top official on Hong Kong affairs, is about to pay his first visit to the colony since January 1992.

Property analysts said the announcement of the increased land allocation may have the effect of restraining price rises in the short term, but they doubted that it was sufficient to solve the supply problem in Hong Kong.

Governor Chris Patten said late last month that the steep rises in Hong Kong property values, especially house prices, demanded "exceptional" measures. Action has been promised by July.

Over the past year the price of a 600 sq ft flat on the south side of Hong Kong island has risen about 40 per cent to HK$3.5m (£299,145) from around HK$2.5m.

Patten pressed over human rights

By Louise Lucas in Hong Kong

Governor Chris Patten, under increasing pressure to set up a human rights commission in Hong Kong, maintained in the Legislative Council yesterday that similar bodies elsewhere in the world were "pretty toothless creatures" but promised a decision by the end of June.

Mr Patten came under intense questioning about allegations of telephone tapping. Last week a senior official who was dismissed from the Independent Commission Against Corruption, Hong Kong's anti-corruption authority, alleged that the commission had bugged telephones for political purposes. Mr Patten denied these allegations.

Earlier in the day Amnesty International urged the government to set up a body to receive complaints.

Mr Chris Avery, an Amnesty consultant, said: "The report shows that people in Hong Kong who feel their rights have been violated have nowhere to go. There is no simple affordable complaints system in Hong Kong."

The report follows a House of Commons select committee report on Sino-British relations which advocated the formation of a human rights commission. Last month Ms Anna Wu introduced a bill based on Australian legislation.

IMF to consider new stand-by credits for Russia

By Peter Norman, Economics Editor, in Washington

The International Monetary Fund, which this week provided a controversial $1.5bn (£1.02bn) loan for Russia, is preparing to discuss further financing later this year.

Mr Michel Camdessus, IMF's managing director, said yesterday the Fund expects to begin negotiations to provide Russia with a new stand-by credit after the government in Moscow has put forward the main elements of its 1995 budget.

In the immediate future, Russia will begin negotiations with western creditor countries in the Paris Club to reschedule its official debt. Russia has borrowings of $84bn of which 75 per cent is owed to official creditors.

Mr Camdessus said a Paris Club agreement, combined with the $1.5bn IMF loan for Russia that was released this week and loans to be provided by the World Bank, will complete Russia's external financing needs for this year.

According to a senior US Treasury official, negotiations on the new IMF stand-by facility could start early in the autumn, while the World Bank should provide more than $1bn in the "next couple of months" to finance projects in Russia's energy and financial sectors.

At a press conference in Washington yesterday, Mr Camdessus strongly defended the IMF's decision on Wednesday to approve the $1.5bn loan in support of the Russian government's economic reform and stabilisation programme.

He said the Fund had been able to approve the loan because Russia had produced a pragmatic programme it would be able to implement effectively. In particular, there had been a "spectacular change" in the Russian monetary policy since last July.

He said that a few months ago, the IMF had the impression that Russia had no monetary policy, no such thing as a budget and that it was going down the "dangerous slope" of protectionism.

However, Russia now had a "very tough" monetary policy with very high real interest rates. The central bank had ceased distributing subsidised credits. Institutions were in place to push down inflation, he said.

Russia's budget deficit, although still too high, was being cut, Mr Camdessus said. It is expected to fall to 6.5 per cent of gross domestic product this year from 8 per cent in 1993.

● The impact of derivatives trading on pushing up long-term interest rates will be discussed by finance ministers and central bank governors from the Group of Seven leading industrial countries on Sunday, a senior US Treasury official said yesterday.

World Bank and IMF win commitment by Burkina Faso

Pledge over female mutilation

By George Graham in Washington

In an unusual broadening of their role into social and cultural issues, the World Bank and International Monetary Fund have won a commitment from the government of Burkina Faso to take steps to combat female genital mutilation.

The commitment is included in Burkina Faso's policy framework paper, a set of medium-term economic policy priorities negotiated with the international financial institutions as the basis for receiving assistance loans.

The practice of female genital mutilation, sometimes referred to as female circumcision, is widespread in many countries of sub-Saharan Africa. Besides ritually reinforcing the subordination of women, the mutilation brings severe risks of infection and starkly increases health risks in later life.

World Health Organisation officials estimate that genital mutilation doubles the risk of death at childbirth and increases the risk of stillbirth by three or four times.

Besides the WHO, donor countries such as the US and France have sought to discourage the practice. The United Nations Human Rights Commission last month agreed to a special investigation into violence against women, but referred only obliquely to genital mutilation as "the harmful effects of certain traditional or cultural practices."

Burkina Faso is in the middle of a radical economic adjustment programme begun in 1991 but intensified this year by the 50 per cent devaluation of the CFA franc agreed by members of the currency zone in January.

The IMF last month agreed to lend the Burkina Faso government $25m (£17m) from its enhanced structural adjustment facility, which provides subsidised loans for very poor countries.

The adjustment programme contains a number of measures designed to alleviate the impact of the devaluation on some of Burkina Faso's most vulnerable population groups. They included steps to spread price increases for essential consumer goods such as kerosene and generic drugs over a six- to 12-month period, and an expansion of primary health and basic education services.

Bentsen to press Japan to boost its economy

By George Graham

The US yesterday renewed demands for Japan to boost domestic demand in an effort to get its economy moving and bring down its trade surplus.

Mr Lloyd Bentsen, the US treasury secretary, warned he would be pressing Japan to do more about its trade surplus at Sunday's meeting in Washington of finance ministers and central bank governors from the Group of Seven leading industrialised nations.

"Maybe the US economy is doing well now despite the drag from that surplus, but it's essential, over the long run, for Japan to help lead global recovery rather than to impede it," Mr Bentsen said yesterday.

"You saw the February trade numbers. Japan cannot rely on the US market, nor any other foreign market, to boost its economy. It must have its own sustainable, demand-led recovery," he added.

But Mr Bentsen said the US would not seek to bring the value of the dollar down against the yen as a means of improving the competitiveness of US exports to Japan. "We're not going to try to devalue ourselves into their markets. We are in no way managing the dollar in that regard," he said.

He added that he saw room for further interest rate cuts in continental Europe.

US officials said even for Japan, exports only made up a small proportion of output, so domestic demand remained much more important for overall economic growth.

The US will also press for more efforts to ease access of foreign goods to Japanese markets as an accompaniment to the boost to demand it seeks.

"Macroeconomic stimulus is much more likely to be effective in reducing the current account deficit if foreign products are freely available," a senior treasury official said.

Anti-trust move on US teller network

By George Graham

The US Justice Department yesterday cracked its anti-trust whip against the largest regional network of bank teller machines in US, in a move that could herald actions against other such networks.

Ms Janet Reno, attorney general, announced her department had filed a proposal in federal court settling charges against Electronic Payment Services, which operates the MAC teller network mostly in the north-eastern US.

The Justice Department said MAC had required member banks to use its computer processing services and used its control over the processing system to prevent member banks from joining up with competing networks.

"The MAC network has prevented more than 1,000 banks in Pennsylvania, New Jersey, Delaware and elsewhere from joining other ATM [automatic teller machines] networks in addition to MAC, the dominant network. This illegal practice affects one seventh of the population of this country," Ms Reno said.

ATM networks play a particularly important role in the US financial system because US banking laws prevent a bank from simply opening up a branch outside its home state, although in certain controlled circumstances they may operate in another state through a subsidiary.

MAC is the largest regional network, with around 14,000 ATMs and 107,000 point-of-sale terminals serving around 28m card-holders in 26 states. Justice Department officials said its exclusion practices did not appear to be copied by other networks. Nevertheless, at a recent meeting of independent bankers Ms Reno invited complaints against other networks.

MAC had already settled a suit brought against it by New York Switch, which operates the rival NYCE network, by agreeing to phase out its ban on allowing outside data processors to handle transactions over its network.

Ms Reno said the settlement would increase consumer choice by allowing bank customers to take their cards to machines belonging to a range of competing networks.

Falklands mine accord claimed

By John Barham in Buenos Aires

Mr Guido di Tella, Argentina's foreign minister, has announced that the Falkland Islands government has accepted his proposals to clear some 30,000 mines laid by Argentine troops during the 1982 conflict with Britain.

Mr di Tella said: "We have received communication from the islanders that they welcome our offer. This is the first time the islanders have welcomed anything from Argentina [since 1982]." He added that he would walk on the minefields after they were cleared to show they were safe.

Argentina first proposed in January to pay a third party to remove mines, since Argentines are banned from the islands. Mr di Tella said he has now asked US army engineers to carry out the project, for which Argentina would seek World Bank financing.

However, the Falkland Islands government said they have not reached a firm agreement with Argentina over mine clearance.

Mr Graham Bound of the Falklands government office in London said "no final proposal has been put forward saying what will be done, in what time frame, or by whom."

A foreign office official said yesterday London has only reached a "qualified acceptance" with Argentina.

Man Ray's photograph entitled 'Noire et Blanche' which was auctioned by Christie's in New York on Wednesday evening

Man Ray photograph sells for $354,500

By Antony Thorncroft

"Noire et blanche", a photographic print by Man Ray depicting Kiki of Montparnasse fondling an African mask, sold for $354,500 (£239,527), double its top estimate and a record for the artist, at Christie's in New York on Wednesday night. It was the second highest price paid at auction for a photograph. Alfred Stieglitz's image of the hands of his wife, the artist Georgia O'Keefe, made $398,500 at Christie's last year.

The Man Ray photograph was part of a sale of just 81 lots of works by the leading photographers. It totalled $2m and was an attempt by Christie's to market photographs by modern masters in the same way as top rank Impressionist and Modern paintings.

The best items went well above forecast; the less interesting failed to sell. There were auction records for Edward Weston, Lewis Hine, Eugene Atget and Henri Cartier-Bresson.

"Clouds", an image captured by Weston in Mexico in 1926, sold for $156,500. It was decommissioned from the Getty Museum of Malibu, California, to raise funds for more purchases of photographs: the Getty has another copy of the print. A portrait by Stieglitz of the nude torso of Georgia O'Keefe went for $145,000, and "Mechanic and Steam Pump" by Hine for $90,500.

Gore warns over greenhouse gases

By George Graham

Global climate change is more dangerous to the US than the British navy was to the American colonists in their war of independence, Vice-President Al Gore warned yesterday in a call for more action to tackle greenhouse gas emissions.

"Our enemy is more subtle than the British fleet. Climate change is the most serious problem our civilisation faces," Mr Gore told government and business officials working on climate change issues, who he described as "the Paul Reveres of the environmental movement".

But as Mr Gore issued his warning, scientists were questioning whether the US was doing enough to reduce its own emissions of greenhouse gases such as carbon dioxide, which are widely believed to contribute to global warming.

The US, like other signatories of the Global Climate Treaty agreed in Rio de Janeiro two years ago, is committed to bringing emissions of greenhouse gases down to 1990 levels by the year 2000.

For the US, which produces around one fifth of the world's greenhouse gases, that means a return to annual emissions of 1.24bn tons of carbon dioxide, from a level that reached 1.37bn tons last year and is still climbing.

A study issued yesterday by the Union of Concerned Scientists argued current climate change plans are likely to achieve a reduction in emissions of only about 34m tons over seven years, roughly a third of what is needed.

After the Clinton administration failed to pass a significant increase in energy taxes, which would have cut fuel consumption and thus emissions, it has focused largely on voluntary efforts with industry.

The Energy Department this week signed an agreement with five large electrical industry associations to promote more energy-efficient commercial technologies, to invest in forest management and tree-planting, to develop the market for geothermal heat pumps and to promote electrical vehicles.

Mr Gore yesterday ridiculed those who argue the threat of global warming was not yet scientifically proven, comparing them to the tobacco industry executives who claim that there is no firm proof that smoking causes lung cancer.

COMPANY NOTICES

ROBECO GROUP

ROBECO N.V.

(investment company with a variable capital)

Robeco N.V. announce a cash dividend of Fls 3.52 per ordinary share of Fls 10 (Fls 0.352 per sub-share) for the financial year 1993.

BEARER SHARE WARRANTS WITH COUPONS ATTACHED

Coupon No 92 accompanied by the appropriate claim form should be presented to the Company's Paying Agents, National Westminster Bank Plc, Stock Office Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB, on business days between the hours of 10.00am and 2.00pm. Claims must be submitted by personal presentation. Postal applications cannot be accepted.

The dividend will be payable at Fls 3.52 per share, less tax as appropriate, as from 29 April 1994, against surrender of Coupon No. 92.

Coupons presented by, or on behalf of, shareholders who are subject to United Kingdom Income Tax will be subject to Netherlands Dividend Tax at the rate of 15% and United Kingdom Income Tax at the rate of 5% on the gross dividend. Forms IB92 GRB will not be required in respect of claims lodged within six months of the payment date. Coupon No 92 presented on or after 29 October 1994 must be accompanied by a completed Form IB92 GRB duly certified by the individual shareholder's Inspector of Taxes.

If the coupons presented are accompanied by the appropriate certified Forms 92 supplied by residents of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Indonesia (reduction to 20% only), The Republic of Ireland, Israel, Japan, Luxembourg, The Netherlands Antilles, New Zealand, Norway, Singapore, South Africa, Spain, Surinam (reduction to 20% only), Sweden or the United States of America, Netherlands Dividend Tax amounting to 15% will be withheld. Forms 92 VS must be submitted in duplicate, signed by the applicant, but need not be authorised by the U.S. Inspector of Taxes.

Residents of Switzerland can apply for a partial refund by submitting a Form R-NL 1 to Dutch Fiscal Authorities. This form can be obtained from the Eidgenossische Steuerverwaltung, Bern. Reduction to 15%.

Residents of Italy can have a full refund by submitting Form 92 IT, certified by their local Tax Inspector, to the Inspector of Corporation Tax, Wibaut Straat, 2-4, Amsterdam with the relevant dividend note.

In all other cases Netherlands Dividend Tax at 25% will be deducted from the Gross dividend.

Exemption from United Kingdom Income Tax may be claimed by lodging the usual affidavit certifying non-residence in the United Kingdom.

SUB-SHARE CERTIFICATES REGISTERED IN THE NAME OF NATIONAL PROVINCIAL BANK (NOMINEES) LIMITED

United Kingdom Banks and Members of the Stock Exchange should lodge the special claim form with the National Westminster Bank Plc, Stock Office Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB.

Payment of the dividend must be marked on the reverse side of the certificate in accordance with 'Marking Name' procedures.

Other claimants must also complete the special claim form and present this at the above address together with the relevant certificate(s) for marking by the National Westminster Bank Plc.

All claims must be submitted by personal presentation. Postal applications cannot be accepted.

Income Tax requirements will be as shown above for Bearer Share Warrants.

The Record Date is 21 April 1994.

Payment will be made by National Provincial Bank (Nominees) Limited on or after 29 April 1994 and will be subject to Marking Name convention.

CONVERSION OF DUTCH CURRENCY

The Dutch currency will be converted into sterling on 21 April 1994. A further announcement will be made shortly giving full sterling details of the dividend in respect of Fls 10 ordinary shares and Fls 1 sub-shares.

SHAREHOLDERS IN THE REPUBLIC OF IRELAND

Approved Agents in the Republic of Ireland may present coupons to the Company's Paying Agents there, Allied Irish Banks PLC, Registrar's and New Issues Department, Bankcentre, PO Box 954, Ballsbridge, Dublin 4.

Claims on sub-share certificates registered in the name of The Munster and Leinster Bank Nominees Limited should be lodged with Allied Irish Banks PLC, Registrar's and New Issues Department, Bankcentre, PO Box 954, Ballsbridge, Dublin 4.

22 April 1994

ROLINCO N.V.

(investment company with a variable capital)

Rolinco N.V. announce a cash dividend of Fls 2.48 per ordinary share of Fls 10 (Fls 0.248 per sub-share) for the financial year 1993.

BEARER SHARE WARRANTS WITH COUPONS ATTACHED

The Talon accompanied by the appropriate claim form should be presented to the Company's Paying Agents, National Westminster Bank Plc, Stock Office Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB, on business days between the hours of 10.00am and 2.00pm. Contrary to what is stated on the talon, it is not to be exchanged against new dividend coupons. Claims must be submitted by personal presentation. Postal applications cannot be accepted.

The dividend will be payable at Fls 2.48 per share, less tax as appropriate, as from 29 April 1994, against surrender of the talon.

Talons presented by, or on behalf of, shareholders who are subject to United Kingdom Income Tax will be subject to Netherlands Dividend Tax at the rate of 15% and United Kingdom Income Tax at the rate of 5% on the gross dividend. Forms IB92 GRB will not be required in respect of claims lodged within six months of the payment date. Talons presented on or after 29 October 1994 must be accompanied by a completed Form IB92 GRB duly certified by the individual shareholder's Inspector of Taxes.

If the talons presented are accompanied by the appropriate certified Forms 92 supplied by residents of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Indonesia (reduction to 20% only), The Republic of Ireland, Israel, Japan, Luxembourg, The Netherlands Antilles, New Zealand, Norway, Singapore, South Africa, Spain, Surinam (reduction to 20% only), Sweden or the United States of America, Netherlands Dividend Tax amounting to 15% will be withheld. Forms 92 VS must be submitted in duplicate, signed by the applicant, but need not be authorised by the U.S. Inspector of Taxes.

Residents of Switzerland can apply for a partial refund by submitting a Form R-NL 1 to Dutch Fiscal Authorities. This form can be obtained from the Eidgenossische Steuerverwaltung, Bern. Reduction to 15%.

Residents of Italy can have a full refund by submitting Form 92 IT, certified by their local Tax Inspector, to the Inspector of Corporation Tax, Wibaut Straat, 2-4, Amsterdam with the relevant dividend note.

In all other cases Netherlands Dividend Tax at 25% will be deducted from the Gross dividend.

Exemption from United Kingdom Income Tax may be claimed by lodging the usual affidavit certifying non-residence in the United Kingdom.

EXCHANGE OF BEARER SHARE WARRANTS

Bearer Share Warrants (K-Certificates) accompanied by the appropriate Exchange Form should be handed in to the Company's Paying Agents, National Westminster Bank Plc, Stock Office Services, Basement, Juno Court, 24 Prescot Street, London E1 8BB, as from 29 April 1994, on business days between the hours of 10.00 am and 2.00 pm, in order to obtain CF-Certificates or upon special request - new K-Certificates. Exchange requests must be submitted by personal presentation. Postal Applications cannot be accepted.

Certificates will be exchanged for new certificates for an equal number of shares, bearing different serial numbers. Denominations will be as large as possible.

New certificates will be available in denominations of 1; 5; 100; 1,000; 10,000 and 100,000 Shares of Fls 10.00 each, for CF-Certificates as well as for K-Certificates. New K-Certificates will be supplied with dividend coupons, numbered from 35 up to and including 66, as well as a talon.

Holders of Certificates will not be charged commission, if they have their certificates replaced on or before 30 June 1994.

Exchange Forms and further information on the exchange can be obtained by telephoning National Westminster Bank Plc, Stock Office Services on (0293) 653241 or 653224.

SUB-SHARE CERTIFICATES REGISTERED IN THE NAME OF NATIONAL PROVINCIAL BANK (NOMINEES) LIMITED

United Kingdom Banks and Members of the Stock Exchange should lodge the special claim form with the National Westminster Bank Plc, Stock Office Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB.

Payment of the dividend must be marked on the reverse side of the certificate in accordance with 'Marking Name' procedures.

Other claimants must also complete the special claim form and present this at the above address together with the relevant certificate(s) for marking by the National Westminster Bank Plc.

All claims must be submitted by personal presentation. Postal applications cannot be accepted.

Income Tax requirements will be as shown above for Bearer Share Warrants.

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Claims on sub-share certificates registered in the name of The Munster and Leinster Bank Nominees Limited should be lodged with Allied Irish Banks PLC, Registrar's and New Issues Department, Bankcentre, PO Box 954, Ballsbridge, Dublin 4.

22 April 1994

Everybody knows that a saloon is more practical than a coupé.

But what's so great about being practical?

No doubt about it, coupés aren't so practical as saloons. Passengers take longer to get in and out. Shopping bags are slightly harder to get at. One's reputation for total respectability becomes ever so slightly at risk.

Which is, perhaps, the whole point.

A coupé carries with it the irresistible, undeniable aura of fun. There is something about its clean flowing lines that helps to make driving almost as enjoyable as it's supposed to be.

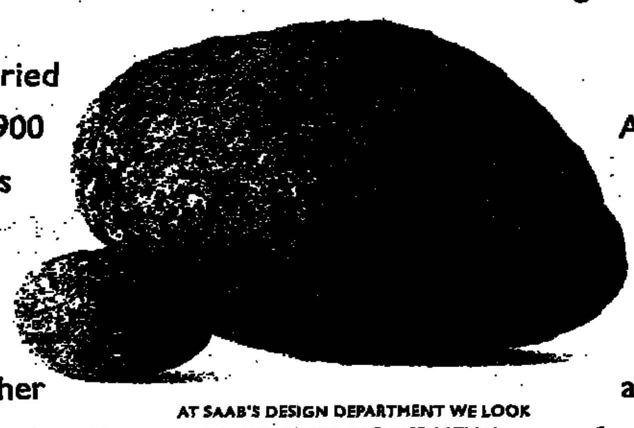
THE BEST OF BOTH WORLDS.

All this led us to think how nice it would be if someone could bring out a new model that had the elegant body shape of a coupé but was somehow just a little bit more practical. Something that combined the best of both worlds.

This is exactly what we tried to achieve with the new Saab 900 three-door Coupé. The looks you can judge for yourself. So we'll concentrate on less visible bits.

Take the chassis. Unlike other coupés, this is exactly the same length as we use on our five-door model. It isn't shortened in any way. Which means that both the rear seat and luggage compartment are every bit as roomy.

The headroom hasn't been reduced either. Again, passengers have the same roomy feeling as they do in the five-door.



AT SAAB'S DESIGN DEPARTMENT WE LOOK TO NATURE FOR OUR INSPIRATION.

VERY SAAB.

The new 900 Coupé is also equipped with front wheel drive to give you superb road-holding even in the worst conditions.

Plus the reassuring safety features you've come to expect from Saab. Like intelligently designed crash zones, a uniquely strong, specially constructed body, and ABS brakes and air bag as standard.

It also has the Saab SafeSeat – an exclusive, integrated feature that gives back-seat passengers a whole new degree of safety.

THE TURBO TRADITION.

As you would expect, the new 900 Coupé comes with the option of a turbo engine – a Saab tradition.

We originally introduced the turbo for reasons of power, an idea that other manufacturers found amusing at the time.

Today, apart from being admired for its performance, the Saab turbo is also recognised as one of the most environmentally friendly petrol engines around. It's an engine that no longer amuses our competitors. And it suits our new 900 Coupé beautifully.

FOR PERSONAL REASONS.

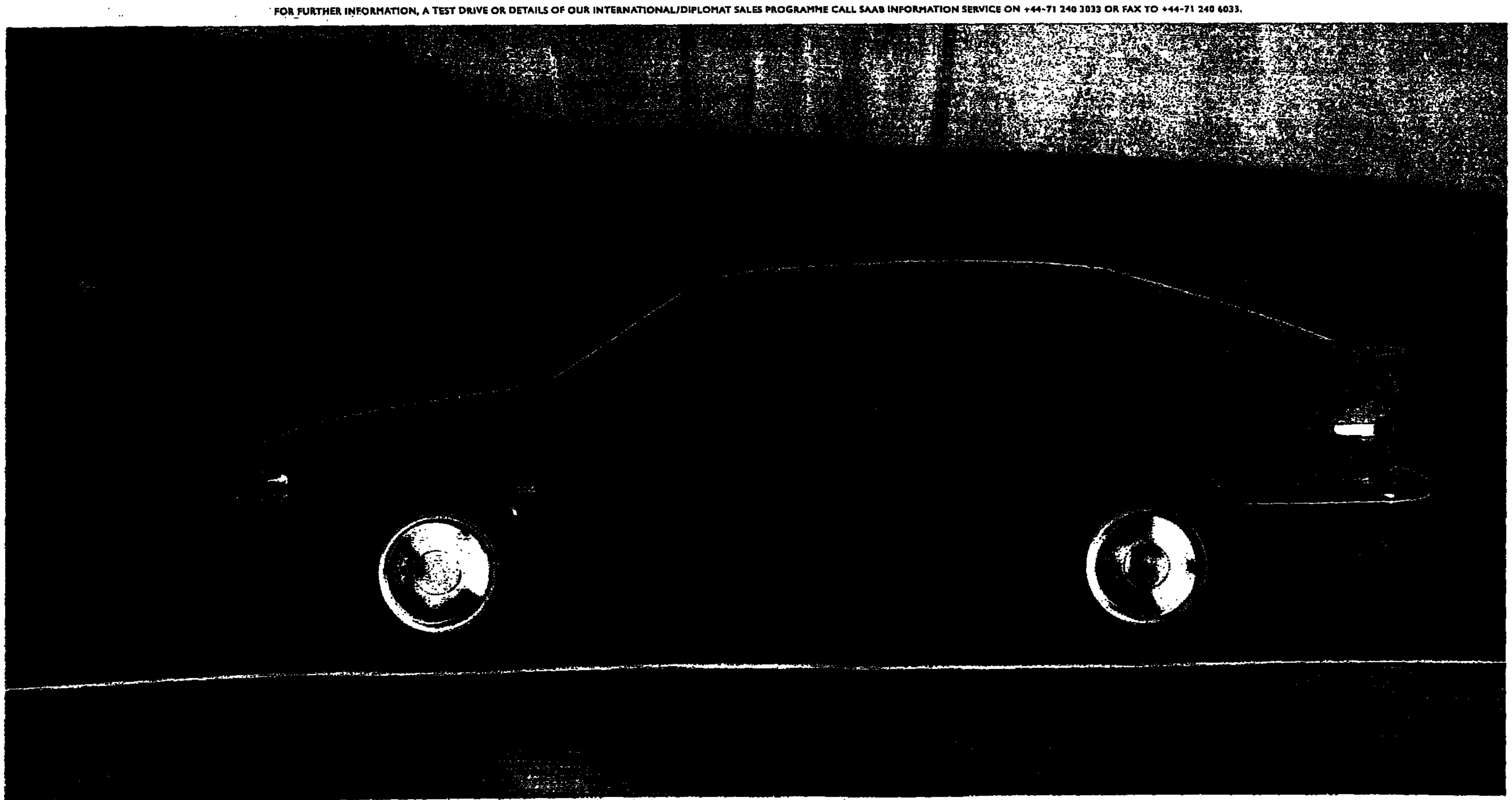
Saab isn't an automotive giant. We're a small company with the flexibility to make the kind of car we want. Hence the Saab 900 Turbo Coupé.

Exactly why you might want it, is entirely up to you. Every Saab driver has his or her own reasons. We've simply tried to give you as many reasons as we can. So if you want the kind of craftsmanship you associate with Saab, the joy of a turbo and the elegance of a coupé, this is a car worth looking at.

You may not have been looking for a practical car. But isn't it nice to know *you've got one anyway.*

SAAB

FOR FURTHER INFORMATION, A TEST DRIVE OR DETAILS OF OUR INTERNATIONAL/DIPLOMAT SALES PROGRAMME CALL SAAB INFORMATION SERVICE ON +44-71 240 3033 OR FAX TO +44-71 240 6033.



Introducing the new Saab 900 Turbo Coupé.

Co-operation by US and Mexico

Water boost to green exports

By Nancy Dunne in Washington

The US Export-Import Bank and *Mexico's national* development bank have announced a programme to finance up to \$500m (£336m) for waste water treatment in Mexico over the next five years.

The agreement is one of a series announced this week as part of the Clinton administration's mobilisation of government resources to expand trade in environmental technology.

The Eximbank, which had its annual conference yesterday, is pushing environmental trade fervently. With Banobras, Mexico's development bank, it has produced a plan to fund cleansing of rivers, lakes and streams, using a combination of *users' fees*, commercial loans and government guarantees.

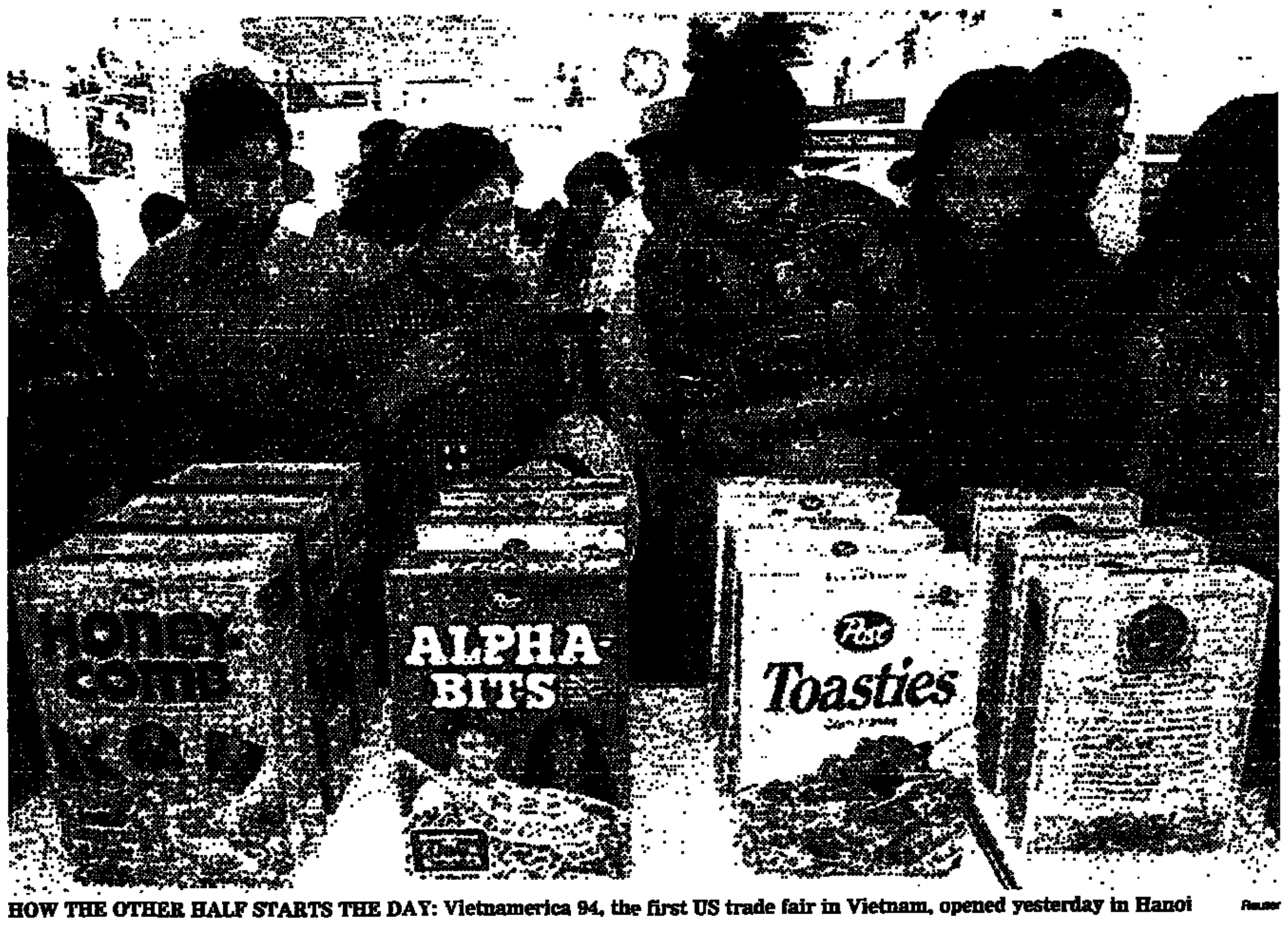
Under this arrangement, cities will select private companies to build, operate and maintain waste water treatment facilities, which would eventually be transferred to the city. Users' fees will pay for the water treatment services.

Banobras will guarantee repayment to commercial lenders in case of user fees being inadequate.

Eximbank also announced a plan to have the 45,000 companies in the US environmental industry expand exports. Its aim is to support \$800m in fiscal year 1994, a doubling of the total last year.

It offers the following inducements: financing for 15 per cent of costs incurred locally in addition to the financing of US equipment and services; deferment on construction loans until project is completed; the longest repayment terms allowed by multilateral rules.

An environmental insurance *package in the US will provide* 95 per cent commercial coverage and 100 per cent political coverage. Environmental exporters will be exempt from the ordinary requirement that they pay a share of the first loss claimed under the policy.



HOW THE OTHER HALF STARTS THE DAY: Vietnamerica 94, the first US trade fair in Vietnam, opened yesterday in Hanoi Reuter

Amec to set up joint venture with China

By Alexander Nicoll and Andrew Taylor

Amec, the UK construction group, has agreed to set up a joint venture which will build petrochemical, oil and gas production facilities in China.

The company's process engineering subsidiary yesterday signed an exclusive *memorandum* of understanding with Chinese Offshore Industrial Corporation, a state-owned shipbuilding group. The two companies are finalising joint-venture terms.

The agreement covers construction of on-shore petrochemical plants as well as off-shore oil and gas production facilities for use in China.

The deal will also enable the joint venture to build advanced deep-water floating production vessels in China for sale worldwide.

Amec will contribute half the venture's costs. In return for enhancing its strategic position in the Chinese market, Amec will transfer technology for management of projects and engineering design.

Sir Alan Cockshaw, chairman, said: "Although technology *transfer* was an issue, it was clear that many key skills and abilities already exist in our partner's organisation."

The venture will develop a joint facility at Huang Pu shipyard in Guangzhou province in southern China, capable of building modules of up to 5,000 tonnes each. COIC also has the ability to build large floating production platforms at a 300,000-tonne dry dock in north-east China.

Amec is already building accommodation modules in partnership with COIC for Phillips Petroleum platforms in the South China Sea.

Amec is one of Britain's biggest manufacturers and service providers for the UK oil and gas industries. Demand for North Sea off-shore platforms for has fallen sharply in the past 18 months. Amec has been seeking to use its technology to *expand abroad.*

Technology is S Korea's price

John Burton on the terms of GEC Alsthom's high-speed rail deal

The gruelling eight-month negotiations by GEC Alsthom with South Korea to supply the Train à Grande Vitesse for the country's high-speed railway is evidence that foreign companies have to pay a high price for entering one of Asia's most protected markets.

South Korea is demanding extensive *technology transfers* from foreign companies hoping to win orders in industries ranging from telecommunications to defence equipment. This reflects Korean concerns that it is falling behind in technical development because it has concentrated on increasing its production capability at the expense of industrial research.

GEC Alsthom's willingness to meet Korea's technology requests and offer price and financing terms favourable to Seoul is considered the key reason it was selected for the prestigious \$2.1bn (£1.4bn) high-speed rail contract.

The TGV defeated the newer and more technologically advanced Inter-city Express offered by Siemens and Mitsubishi's older Shinkansen train.

The agreement concluded on Monday, will enable Korea to make the TGV on its own once it acquires full rights to the transferred technology in 2002 and sell it to other countries.

GEC Alsthom had to weigh the advantages of gaining its first beachhead in the potentially lucrative Asian market against allowing its consortium of Korean subcontractors – Hyundai, Daewoo and Hanjin – to become an eventual competitive rival.

"It's how the game is played," said Mr Philippe Jarrosson, deputy director of GEC Alsthom TGV project in Korea.

GEC Alsthom at first resisted the extent of Korea's technology transfer demands, citing patent and intellectual property rights.

But the Anglo-French group in the end agreed to provide design and manufacturing technology to enable the Korean subcontractors to produce key components valued at more than half the contract and provide them with the ability to upgrade the TGV system in the future.

Koreans' share of pro*duction is bigger than* the 45 per cent share granted to Spain for its version of the TGV. Thirty-four of the 46 TGV trains will be manufactured in Korea.

The eagerness of Korean manufacturers to gain access to the technology provoked a dispute that threatened to wreck GEC Alsthom's contract negotiations with the government.

GEC Alsthom's selection of Hyundai Precision & Industry as head of the Korean consortium provoked a protest by Daewoo Heavy Industries, which feared that it would be denied full access to the transferred technology if it remained a junior partner. Both companies will produce the TGV engines, while Hanjin will make the carriages.

Daewoo tried to stop negotiations last winter by filing a suit, claiming it had the right to be consortium leader since it was GEC Alsthom's original *partner during the two-year* bidding process against Siemens and Mitsubishi.

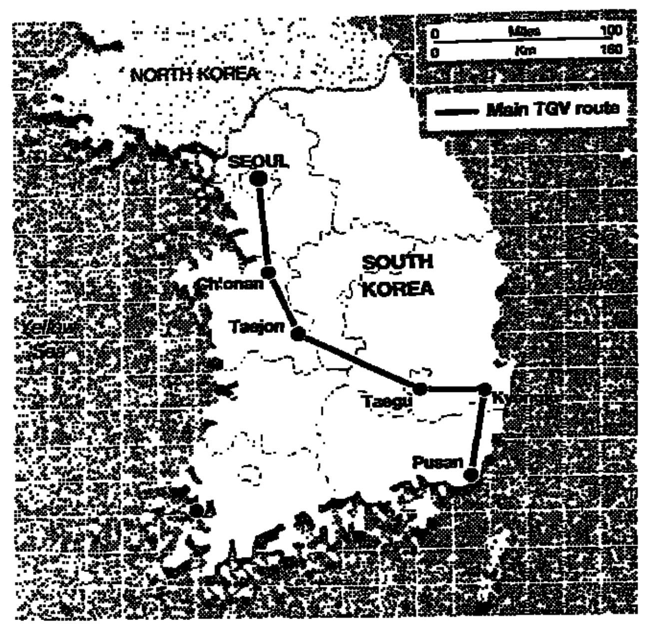
Daewoo agreed to join the consortium last month after the suit was dismissed and GEC Alsthom promised it would have equal access to the technology.

GEC Alsthom has also been forced to reduce substantially its bid for the TGV order from its initial offer of \$3.6bn in 1991 to the agreed price of \$2.1bn, which is \$270m below its final bid last year.

Korea was able to obtain the last-minute price cut by adopting a "stripped-down" train interior that is less comfortable than those on the European TGV trains, according to negotiators.

Mr Jarrosson denied that that was the case, but explained that cost savings were the result of Korea declining to accept "the optimum range of features" that GEC Alsthom offered in its final bid price.

The TGV is due to go into full service in 2002 and link the country's capital of Seoul with Pusan, the country's second-largest city and its biggest port.



Nissan in talks with Samsung on cars

By Michiyo Nakamoto in Tokyo

Nissan, the Japanese car maker, and Samsung, one of South Korea's largest industrial groups, are in talks about a possible tie-up which would provide Samsung Heavy Industries with Nissan's technology in manufacturing cars.

Nissan said that it had been approached by Samsung about the possibility of transferring car manufacturing technology and that the two sides were still at the negotiating table.

An alliance with Samsung would give Nissan a promising entry into the South Korean passenger car market, where the company has not been particularly active.

The company already provides Samsung with truck manufacturing technology and will start volume production of left-hand-drive trucks from the middle of this year.

Nissan has also had a tie-up since 1986 with Daewoo, through which it provides the Korean truck maker with technology for its commercial van, the Vannette. However, that tie-up will expire at the end of this year.

South Korea now ranks as the world's sixth largest carmaker, after the United States, Japan, Germany, France and Canada.

Negotiations with Samsung, which is making a bid to enter the passenger car market in South Korea, hinge on passenger cars.

مكبرة من الاصل

UK retail sales growth boosts upturn

By Philip Coggan, Economics Correspondent

Strong growth in UK retail sales in March was yesterday seen as further evidence of a buoyant economic recovery, prompting hopes of an early cut in base rates to diminish.

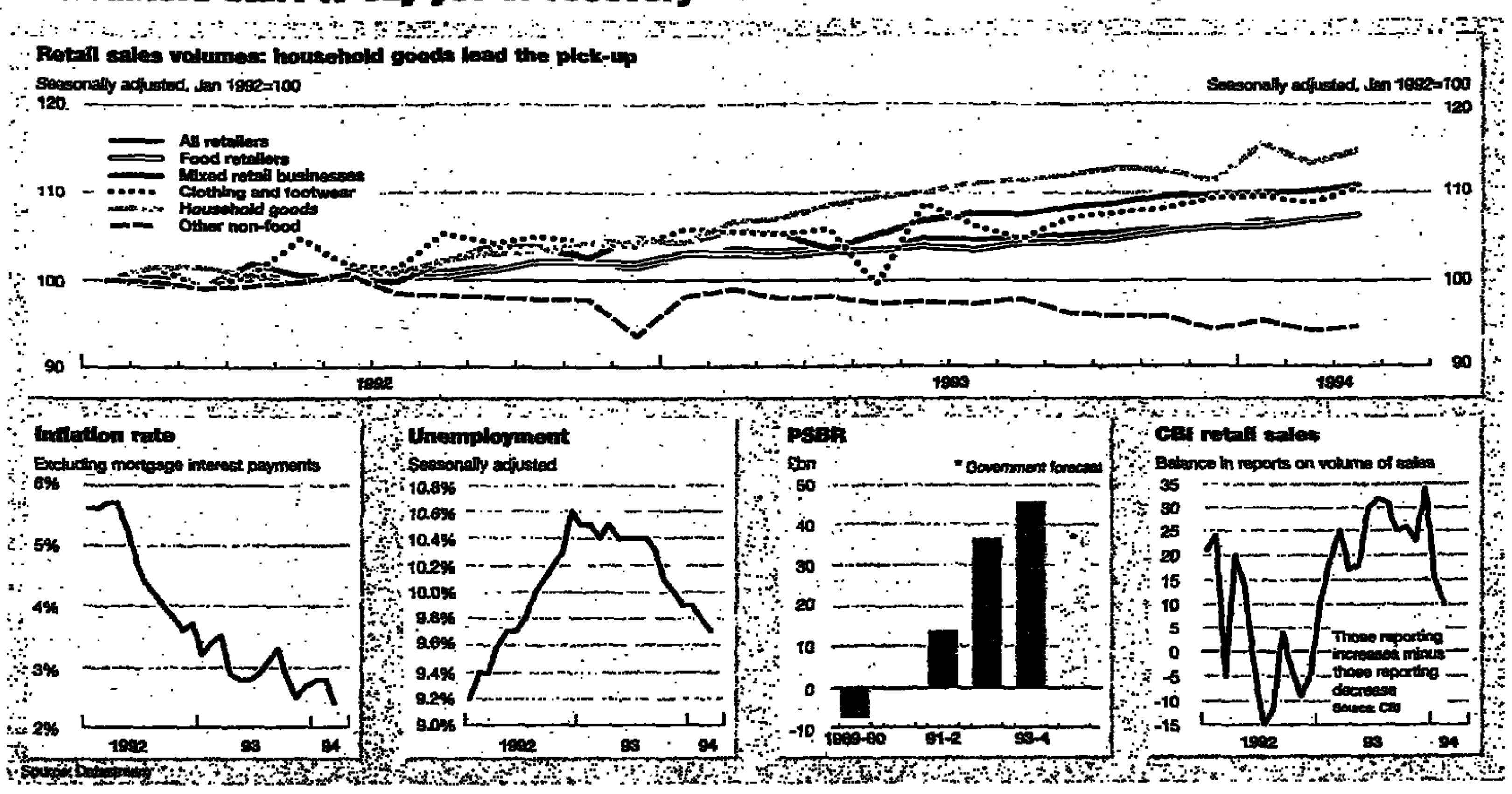
The volume of retail sales grew by 0.8 per cent between February and March, compared with market expectations of a 0.3 per cent increase. February's monthly fall in sales was revised to 0.3 per cent, from the 0.5 per cent earlier reported. The changes mean that the annual growth in sales was 3.8 per cent in March, against a revised 2.8 per cent in February.

The figures follow the decline in unemployment, announced on Wednesday and an upbeat survey from the British Chambers of Commerce. Mr John Major, the prime minister, told parliament that "we are poised for a long period of sustained, non-inflationary growth."

However, the strength of the economy appeared to reduce the chance that Mr Kenneth Clarke, chancellor of the exchequer, and Mr Eddie George, governor of the Bank of England, would agree to a further reduction in base rates.

"Combined with the other recent signs of robust recovery – manufacturing output, unemployment, business surveys – and the upward revision to average earnings growth in January and February, these figures mean that an early base rate cut is effectively ruled out" said Mr Adrian Cooper, UK economist at James Capel.

Consumers start to say yes to recovery



The retail sales figures came as something of a surprise after the Confederation of British Industry's downbeat survey of the distributive trades sector earlier this week. The survey indicated that annual sales growth in the retail sector in March was slow, as it had been in February.

Analysts said that Easter, which straddled March and April this year, may have distorted the seasonal adjustment of the official figures. This may mean that sales will fall back this month when, in addition, the tax increases take effect.

Mr Hugh Clark of the British Retail Consortium said "The CSO results confirmed our views that March was an excellent month for retail sales. Trading was better than might have been expected in the light of pending tax increases. The March trading results were additionally encouraging, bearing in mind the significant sums taken out of the economy through advanced payment of utility bills."

However, Mr James May, the BRC's director-general warned that "although March turned out well, retailers are greatly concerned about the weeks ahead when the full impact of the tax increases will be felt by consumers."

Consumer credit and debit card spending on leisure activities grew strongly before April's tax rises but retail spending growth slowed.

The Credit Card Research Group said consumers spent a total of £12.67bn using credit and debit cards in the first three months of this year. That was 9 per cent lower than the amount spent in the previous three months but 16 per cent higher than the same period last year.

Employers say works councils to cost £1m each

By David Goodhart, Labour Editor

One of Britain's largest employers organisations yesterday raised the temperature in the debate about European works councils by claiming that they would cost UK multinationals at least £1m per year.

Mr John Monks, general secretary of the Trades Union Congress, further polarised the issue by accusing employers bodies of "betraying the long term interests of British business" by backing the government on de-regulation and European social policy. According to Mr Graham Mackenzie, the acting director general of the Engineering Employers Federation, there are no caps on works council costs which will cost "in excess of £1m" per year.

The EEF calculates that at least 30 of its larger members will be hit by the legislation on works councils which is expected to become law by 1997. Overall about 100 UK multinationals will be affected.

"This is an enormous cost burden that companies in Europe will have to bear and that companies elsewhere will not have to bear," said Mr Mackenzie. Companies will have to cover the cost of travel, accommodation and interpreters, for at least one and perhaps several meetings per year.

Mr Zygmunt Tyszkiewicz, head of Unice, the European employers body, said that more important than the potential financial cost of works councils is the unquantifiable disruption to business decision-making.

"Works councils will slow down decision-making by at least three months", he told a meeting of the Involvement and Participation Association in London. He said that European employers could not stop the legislation but were involved in an important "damage limitation" exercise over the details.

Meanwhile Mr John Monks suspended his campaign to establish a less overtly political trade unionism with a bitter attack on both the government and the employers' organisation. He told the Scottish TUC that he was "disturbed" by recent comments from the CBI describing European employment initiatives as "risible and irrelevant" and said that the CBI was not speaking for industry "only for the bosses".

"A right to information and consultation would not have been irrelevant to the workers at Rover who found about the BMW takeover after the event while representatives of the German workers were consulted beforehand", he said.

Britain in brief

Car output for export rises 5%

Car production for export rose by nearly 5 per cent in March, reversing six months of decline and providing another sign that Continental Europe's worst new vehicles sales slump since the Second World War is over.

Statistics issued jointly yesterday by the Society of Motor Manufacturers and Traders and Central Statistical Office also showed both car and commercial vehicle production in this year's first quarter to be up from year-ago levels.

The trend was described by the SMMT yesterday as "encouraging", particularly for the commercial vehicle industry. The UK truck and van market's recovery from recession has been slower and weaker than that for cars, and was badly affected by last year's slump on the Continent, in which commercial vehicle sales were almost halved compared with 1992. The statistics showed car output in March of 147,656, a 2.32 per cent rise on the previous March's 144,303. Output for export at 57,607 compared with the previous March's 54,986 – a rise of 4.76 per cent.

Reynolds rules out peace forum

The setting-up of an Irish peace forum, involving political parties from the Republic and Northern Ireland, has been temporarily ruled out by Mr Albert Reynolds, the Irish prime minister.

Opposition parties in the Republic have been pressing the government to establish the forum regardless of the Sinn Féin/IRA response to the joint declaration. But during a meeting yesterday between Mr Reynolds and the leaders of the three main opposition parties, Mr Reynolds avoided making any commitment to the creation of the forum without the participation of Sinn Féin.

Lancer Boss jobs cut

Receivers for Lancer Boss yesterday announced 50 more redundancies at the UK lift truck maker's Leighton Buzzard plant in Bedfordshire, reducing the workforce to about 700. The cuts follow 19 made on April 10, two days after Mr Allan Griffiths and Mr Scott Barnes of Grant Thornton were appointed administrative receivers of Lancer Boss' UK operations.

Mr Griffiths also announced yesterday that he had reached agreement with the management of Jungheinrich, the Hamburg-based lift truck maker, on an ongoing trading relationship between Lancer Boss and Steinbock Boss. Steinbock Boss is Lancer's former German unit, which Jungheinrich acquired from the German receiver last Thursday.

ECGD status to stay for 3 years

The government has decided against changing the status of the Export Credits Guarantee Department for at least the next three years. Mr Michael Heseltine, trade and industry secretary, said that ministers had concluded, following a review, that ECGD's current status as a separate government department remained "best suited, in present circumstances, to the achievement of its aims and objectives."

Army in Rhine criticised

The National Audit Office has found serious accounting deficiencies in the rundown of the British Army in Germany. Missing items in the withdrawal included sub-machine guns, rifles, other automatic weapons, 60lbs of plastic explosive and 110 detonators. Some vehicles were also unaccounted for. Following internal enquiries the Ministry of Defence has concluded that no weapons have been physically lost.

Texas Instruments to shut down Bedford plant

By Alan Cane and Stewart Dalby

Texas Instruments of the US, one of the world's largest electronics companies, is closing down its operations in Bedford with the loss of 800 jobs.

The company, Bedford's largest manufacturing employer, has been in the town 30 miles north of London for 38 years. At its peak in the 1970s, Texas employed 3,500 people in the UK. After the withdrawal from Bedford, only 500 jobs will remain.

The move is part of a worldwide restructuring plan put in place by Texas to rationalise its manufacturing operations. It said the object was: "to achieve sustainable levels of profitability after several years of unsatisfactory performance". It intends to concentrate the manufacturing of its key product lines in France, Germany and Italy.

A result is that up to 50 of Britain's top electronics engineers will find themselves being offered jobs in France, Germany and at the company's headquarters in Dallas, Texas. Some 400 administrative jobs at Bedford are to go, starting in August. A further 200 positions will be relocated elsewhere in the UK. The only operations remaining at Texas's Manton Lane site will be a manufacturing plant employing 200 people and making power transistors; the intention is to find a buyer willing to take total or partial ownership of the business.

Mr Ken Sanders, managing director, whose own post will disappear, said he was saddened and disappointed but that Texas remained committed to the UK market.

One reason for the decision to pull out of Bedford is that although most aspects of Texas' operations were represented at the site, it was not a centre of excellence for any of the company's main product lines.

It has, nevertheless, a number of research achievements to its credit including a special silicon chip representing a breakthrough in multimedia technology and the company may find itself hard pressed to keep its research teams together.

Mr Mike Gwilliam, Bedfordshire's chief planning council officer, said yesterday: "You can say we are totally dismayed. It is not just a question of the jobs lost. Texas was the kind of flagship, high technology company, we were very much hoping to retain."

The county, criss-crossed with motorways and containing Luton airport, has made great efforts to attract investment particularly in high technology and transport. But it has only been partially successful.

Mr Philip Hendry, Conservative leader on the county council, said yesterday: "I can't say I am surprised, but for the county and for Bedford the decision is devastating. This is not just because of the hardship to those who have lost their jobs and their families, but also because Texas had such an identification with Bedford."

Results, Page 17

Milestone judgment for B&C creditors

By Robert Rice, Legal Correspondent

Samuel Montagu, the merchant bank was yesterday ordered by the Commercial Court to pay a further £4m in damages to the creditors of British & Commonwealth Holdings the collapsed financial services group.

The judgment by Mr Justice Gatehouse closes the book on the first stage of what is already one of the longest and most complex pieces of litigation in City history.

The damages bring the merchant bank's total liability in the case to £176m. Samuel Montagu paid £172m of those damages last October.

Quadrex Holdings, a Delaware corporation owned by Mr Gary Klesch, which had employed Samuel Montagu, was ordered to pay a further £2m on top of the £10m it was ordered to pay last year.

Samuel Montagu, a subsidiary of Midland Bank and Hongkong Shanghai Banking Corporation confirmed yesterday that it would be appealing both against the finding of liability and the size of damages.

The dispute arose over B&C's 1987 takeover of Mercantile House Holdings. The acquisition relied on an agreement that Quadrex would buy Mercantile's wholesale broking division.

However, after the bid, Quadrex did not have the money to make the purchase helping to drive B&C into administration.

B&C sued Quadrex for damages for breach of contract and it also sued Samuel Montagu for negligent misstatement over assurances given to B&C by its then managing director and current deputy chairman, Mr Ian McIntosh.

The judge ruled last October that Mr McIntosh knowingly and negligently took a risk in assuring B&C that Quadrex had the funds.

The award, if upheld on appeal, would represent about 11p-16p in the pound for B&C's creditors, according to administrators.

Eurotunnel invites guests to trial service

By Charles Batchelor, Transport Correspondent

Eurotunnel yesterday unveiled plans for a limited "by invitation only" service through the Channel tunnel during the summer months until a full freight and passenger timetable can be run from October.

Shareholders, business contacts, long-term supporters of the tunnel, the travel trade and the press will be offered reduced fares under Eurotunnel's "overture service."

It hopes that 50,000 cars will have gone through the tunnel "to create more positive awareness" before full-price tickets go on sale in October, Mr Christopher Garnett, commercial director, said.

But even then delays in getting rolling stock into service will mean that the full programme of four passenger shuttle trains an hour will not be possible until the spring of next year.

Eurotunnel is currently carrying out full-scale testing involving running trains through the tunnel 24 hours a day for seven days but its reduced fare services will only start building up in the weeks after the official opening on May 6.

It has negotiated rates with nearly 900 freight customers accounting for 80 per cent of the market for driver accompanied trucks crossing the Channel and plans to start a limited freight shuttle in May. Passenger shuttles start in July.

Eurotunnel expects to announce revised projections of traffic levels and revenues at the time of its rights issue prospectus due between May 17 and the end of June. It plans to raise at least £1.1bn-£1.2bn. Equity will account for less than half of the total raised but the final figure will depend on the debt equity mix and sum needed to cover additional interest payments.

Sixty per cent of Eurotunnel's sterling debt and 21 per cent of its French franc debt was at fixed rates at the end of 1993 but the aim is have 75 per cent of both currencies fixed for four to six years.

● The government yesterday announced plans for a new tax relief for British shipping calculated to save the industry up to £20m a year.

The new provision will allow shipowners to roll over capital allowance balancing charges for up to three years from the date of disposal of a ship to set against subsequent spending on vessels within that period.

The Chamber of Shipping, representing shipowners, described the measure as "useful" though the period of relief was less than it had been seeking. The new measure will be included in the next Finance Bill but made retroactive from yesterday.

BR unveils second round of franchises

By Charles Batchelor

The UK government's rail privatisation programme moved a stage forward yesterday with the announcement of a second round of British Rail passenger route franchises – seven to be agreed in 1996.

At the same time a private-sector consortium planning a bid for a loss-making part of BR's freight operations, said it had recruited a third member.

The Port of Felixstowe has joined P&O Distribution, part of the P&O shipping group, and Russell Davies, a privately owned transport group, in their bid for Freightliner, which handles container traffic.

With six passenger routes already due to be sold in 1995, the franchises unveiled yesterday would allow the government to reach its target of privatising at least half of the BR network by April 1996.

The second round of franchises comprises the Anglia route network; Cardiff valleys; Merseyrail; Midland main line; south London and Sussex coast; south and west Wales; and the west coast main line.

One factor influencing the order is the speed with which managers demonstrate their ability to adapt to the contractual arrangements.

Yesterday's announcement of the second round of passenger franchises leaves 12 further franchises to be sold off.

Heritage secretary Peter Brooke (above) yesterday assured war veterans that this summer's anniversary of the Normandy landings would not be trivialised. He said veterans would have a key place in the organisation of the controversial jamboree in London's Hyde Park. Veterans had threatened to boycott the event but have agreed to put forward a suggested programme Picture: Press Association

Exchange goes for order-matching

By Norma Cohen, Investments Correspondent

The London Stock Exchange yesterday cleared the way for a trading system which will automatically match orders to buy and sell shares.

Approval for the system, which would run in parallel with – and compete against – the existing market-making system, had been opposed by some of the exchange's largest members.

Yesterday's vote by the stock exchange board reverses a controversial decision last year and authorises funding to build the new trading system.

The move, in response to rising competition from new exchanges, will allow the Stock Exchange to develop a so-called order-matching system.

An order-matching system automatically pairs buy and sell orders for a share at the same price. Order-matching has been used with great success by Nasdaq, the US-based electronic exchange.

In contrast, market makers make firm offers to buy and sell shares at a set price in all market conditions and earn profits on the difference.

Last June, market makers on the Stock Exchange's board had refused to approve plans to replace the ageing Seaq share dealing system with a new one which could incorporate order-matching.

The plan was only approved after the exchange agreed to cut the cost sharply and eliminate the order matching capacity in the new system – known as Seaquence.

The move to order matching is likely to anger market makers, most of whom are among the largest and most wealthy members of the Exchange.

Yesterday, a Stock Exchange spokeswoman said "The Exchange is 100 per cent behind a quote-driven (market making) system." However, the reversal is partly a reflection of "the fact that alternative marketplaces have developed."

MANAGEMENT

Tony Jackson on the urgency behind the soap powder maker's launch of a new concentrate

Unilever in a lather

In the next few weeks, shoppers across Europe will be subjected to a barrage of publicity on the topic of washing powder. Well-known brands, such as Persil in the UK, Omo in the Netherlands and Via in Sweden, will suddenly appear in a plastic container instead of the familiar box. The pack will be smaller, but will cost about the same. Advertising will make familiar claims: that the new version washes whiter, works at lower temperatures, is kinder to the environment and so forth.

For the owner of these brands, Anglo-Dutch giant Unilever, the hype will have more than the usual urgency. The launch is the culmination of 10 years' work and £100m of capital investment. It claims to represent the first real breakthrough in detergent technology for 15 years. Above all, it aims to make up ground lost by Unilever to its deadly rival, Procter & Gamble of the US, across Europe in the past five years; and if it is to succeed, speed is of the essence.

At the root of the battle is a shift in the market from conventional washing powders to concentrated powders. From a standing start in 1989, concentrates now have half the European market, with sales worth almost £3bn.

As Unilever candidly admits, the shift caught it wrong-footed. "What took us by surprise", says John Taylor, European production manager, "was the rate the market grew at, and our inability to tool up to meet demand".

Procter & Gamble made no such mistake. As a result, its concentrates now outsell Unilever's by a factor of two in the UK, and by a handsome margin elsewhere in Europe. All the while, supermarkets are making inroads with own-label concentrates, and have grabbed 15 per cent of the UK market.

In struggling to address this, Unilever also had to modernise its internal organisation. Five years ago, it had some 18 operating companies around Europe, each with its own factories and products. Procter & Gamble, by contrast, was a late arrival in Europe in the early 1980s, and tackled the market on a pan-European basis from the outset. Its production was concentrated in fewer plants. The product was harmonised across countries and sold under a single brand name, Ariel.

As a result, says Niall Fitzgerald, head of Unilever detergents worldwide, "their cost structure was several percentage points below ours. On a business worth £1.4bn to us, that's a lot of money."

At the start of the 1990s, Unilever set out to close the gap. In a period of traumatic upheaval, its detergents operations throughout Europe were merged into a single business. Factories were closed and jobs were axed. Unilever is now in a position to push a new product much faster through its new pan-European organisation: provided, of course, that it has the product.

Hence the new super-concentrated detergent. It has two chief characteristics: effectiveness at lower temperatures and less bulk. According to Unilever executives, 100g of the new Persil equals 125g of the old, or 155g of the equivalent version of Ariel.

The key is a combination of chemistry and process technology. Traditionally, powdered detergents are made by mixing the ingredients with water, then drying the result in an enormous tower some 130ft high. This uses large amounts of energy and involves evaporating up to 30 tons of water an hour, producing a huge emission of steam mixed with volatile chemicals.

Unilever's new method involves no water, relying instead on a chemical reaction between the ingredients to drive the process. This, says Unilever, saves around 80 per cent of the energy cost, besides being more flexible and much less pollutive.

The new technology is being employed at just three sites around Europe: at Warrington in the UK, Mannheim in Germany and Casale in Italy. No other detergents producer is yet copying it. But Unilever does not expect to keep it to itself, since it is neither patented nor specific to the detergents industry.

The real technological edge, Unilever says, lies elsewhere: in a new catalyst, which accelerates the chemical reaction of the detergent and lets it work at lower temperatures. The catalyst hunts out the stain, then attracts the bleach in the detergent to it. Having set the bleach to work, it moves on to the next stain. It is protected by 34 patents: and, say Unilever executives, patent searches suggest that no one else is close to imitating it.

Switching to the new product is a formidable exercise, since it involves replacing old-style concentrate sales worth some £500m across Europe. The result is not lower costs, since the savings in non-tower production will be offset by more expensive ingredients. But if nothing else, the product should have environmental appeal.

A machine-load of washing uses large quantities of energy, water and highly reactive chemicals to remove a few grams of dirt and release a lot of pollution. Since the new product uses less heat, fewer chemicals and less packaging, it can be promoted as ecologically virtuous.

Meanwhile, the new formulation will for the first time copy the Procter & Gamble approach in being physically identical across Europe. But if the powder is the same, the brands will remain separate. Unilever is slightly defensive about this. The sunk cost in brands like Persil and Omo, it says, far outweighs the marginal savings that would be gained from unified advertising.

The chief priority, though, is to roll the new formulation out as fast as possible. By the end of the month it will be in the UK, the Netherlands and Switzerland. Next month it will be across Scandinavia. "This is an industry with several formidable competitors," Fitzgerald says. "Technological change is short-lived. The premium comes from exploiting it very rapidly. In Europe, we need to whip it through the structure at great speed."

If this sounds alarmist, Unilever can remind itself how quickly it fell behind the last time. Another of its senior executives puts it bluntly: "The old high-suds powders for hand washing had a lifetime of 60 or 70 years. The low-suds powders which arrived in the 1960s had a life of 20 years. Detergent liquids lasted seven years. The first phase of concentrates has lasted five years. This is the next phase."

Alan Harper

Niall Fitzgerald: 'This is an industry with several formidable competitors'

CHRISTOPHER LORENZ

Time has come for a revolution in style

The redoubtable Percy Barnevik has achieved many feats in his six years at the helm of ABB, the Swedish-Swiss engineering multinational. He has shown how an organisation of more than 200,000 employees can be run – "steered" would be a better word – by a head office of only 150 people, and with remarkably few management layers.

He has demonstrated that "matrix management" – in which people report to two or more different bosses – can be made to work in spite of having suffered 20 years of abuse. And he has been lionised as a model of how to lead change.

But never before has he been held up as evidence that one of the most fundamental organisational theories of the 20th century is at best inadequate and at worst redundant, and that a new "managerial theory of the firm" is required in its place.

At business schools, the established theory goes by the name of the "M-form". Formulated in 1962 by Harvard's Alfred Chandler, the father of modern strategy and organisation studies, it argued that most large companies could manage their strategies effectively only if they adopted a multi-divisional organisation structure – the so-called M-form.

This was not only because of the structure itself, but also because of the management doctrine that went with it: it defined a new set of roles which emphasised the decentralisation of responsibility to operating divisions whose activities were planned, co-ordinated and controlled by a strong corporate management.

The top management also made what Chandler called the company's "entrepreneurial decisions" about resource allocation.

Then in 1970, Joseph Bower, also from Harvard, published a study of business planning and investment decision-making, which combined Chandler's focus on strategy and structure with a study of managerial behaviour.

It gave more credit than Chandler had to the roles of front line and especially middle managers. Bower concluded that it was the middle, rather than the top, which managed not only the organisation's information flow, but also most of its business planning and resource allocation.

Bower's study was a big step forward from Chandler's work. But both men saw the allocation of physical and financial resources as the main task of management.

Which is where Barnevik and ABB come in.

ABB is one of 19 companies around the world whose changing organisational and managerial styles have been studied over the past five years by two business school professors, Christopher Bartlett of Harvard and Sumantra Ghoshal of Insead. The other companies include AT&T, Intel, Nike and 3M in the US, Bodyshop, Cartier, Ikea and Shell in Europe, and Canon, Kao, Komatsu and Toyota in Japan.

It transforms the role of – drastically slimmed – middle and senior management

The first of several papers based on this work, using ABB as its main illustration, is about to appear in Strategic Management Journal under the title of "Beyond the Mother-Form"*.

As with much practical management literature today – in contrast with many academic studies – the paper concentrates on informal management styles, patterns and procedures, rather than on the formal organisation. In formal terms, ABB is not too different from Chandler's model. But in most other respects it is poles apart, as are many of Bartlett and Ghoshal's other study companies.

For a start, most of them consider the development of specialised knowledge and expertise and their dissemination across the company as far more significant in competitive terms today than the issue which preoccupied people in the 1960s and 1970s: the allocation of financial resources.

But knowledge is far harder to handle. If a large company is to manage it effectively, it must develop what the duo terms a "horizontal integration process" which changes considerably the role of management at every level.

In particular, it transforms the role of – drastically slimmed – middle and senior management at ABB and elsewhere from power-broking, control and information-processing up and down the organisation, to a cross-company one of coaching and technology and skill-transfer. The middle manager becomes a leading agent in the process of continuous "organisational learning".

This change of role is reinforced at ABB by all sorts of mechanisms. These include the division of the company into 1,300 units which are too small to have a full range of specialist skills, and therefore have to borrow and learn from each other.

Meanwhile, top management's role changes from the allocator of resources and resolver of conflicts to what Bartlett and Ghoshal call "creator of purpose and challenger of the status quo". This includes stimulating a process of continuous corporate renewal.

These concepts are brought to life in the paper by an analysis of the roles and relationships of particular managers at each level in ABB's electrical relays business.

This approach should help clear Bartlett and Ghoshal from potential criticism that they are, in essence, providing an academic formulation of what business people already recognise as the new realities of management.

Barnevik and his ABB colleagues may be among the pioneers, but most managers are still stuck with an outdated view of the nature of organisations, and of their own roles within them.

As Bartlett and Ghoshal put it in a previous paper, first-generation managers are trying in second-generation organisations to operate third-generation strategies. The mismatch is obvious.

*SMJ Winter 1993 Special Issue (published shortly). Details:fax (US): 317-463-6746

PEOPLE

Three heads picked for Roscos

The names of three key people involved in the privatisation of British Rail were announced yesterday in the shape of the managing directors of the companies which will lease rolling stock to the train operators.

The three rolling stock leasing companies or Roscos will acquire a mix of BR locomotives, carriages and wagons and lease them to the operating companies. If the train operators want to renew their fleets they would probably lease them through one of the roscos.

Management buy-out teams and other potential bidders for BR franchises have been waiting for details of the Roscos for several months. The April 1 launch date for BR privatisation came and went without any further information emerging.

Questions on the likely cost of leasing to the train operating companies have still to be answered but the announcement of managing directors marks an important step forward.

Tony Roche, 50, a railman with 30 years' experience and a former deputy managing director of Network SouthEast, has been appointed managing director of the Eversholt Train Leasing Company, which is based in London. Roche, who has worked on the mechanical engineering side of BR, has played a key role in creating the Roscos.

His two fellow mds both have a background in the equipment rental and leasing sectors. Brian Hassell, chief executive for the past two years of Motability Finance, which leases cars to the disabled, assumes command at London-based Angel Train Contracts in June. Hassell is a past chairman of the Finance and Leasing Association.

Sandy Anderson, managing director of TIP Trailer Rental for the past six years, takes over at Sheffield-based Porterbrook Leasing Company in July. Before joining TIP 12 years ago he was a terminal manager for Freightliner, BR's container handling subsidiary.

Armstrong leaves Leigh Interests

Robert Armstrong has quit as managing director of the waste services company Leigh Interests. His departure is believed to be the direct result of the appointment of Shaun Bowden as chief executive last November, a post for which Armstrong had been considered a strong candidate.

Arthur Kent, finance director, rejected suggestions that Armstrong's departure had been acrimonious. "The board just got a little top-heavy," he said. "After discussions it was agreed he would pursue other interests." Armstrong had been central to Leigh's efforts to improve the group's quality standards, Kent said.

Armstrong had been with Leigh for 15 years, working his way through the ranks of the environmental division. Four years ago he was promoted to the main board when Malcolm Wood, the then-chief executive, assumed the additional role of chairman. Wood died last year, after nominating Bowden to the chief executive's post.

Leigh is believed to have embarked on a substantial cost-cutting exercise in recent weeks. Some 15 other senior managment jobs are thought to have been cut. The group is expected to clarify its future strategy when the results are published in early June.

■ Richard Guy, 45, executive chairman of USM-listed financial software company Sherwood Computer Services, has precipitately departed following the company's last annual figures revealing a £2m pre-tax loss after the previous year's £3m profit. The company is expecting to find a replacement for him but "that will take perhaps six months", said a spokesman.

Guy had been with Sherwood 17 years, becoming chief executive in 1988. He is replaced with immediate effect, and in a non-executive capacity, by David O'Brien, a non-executive director and currently chief executive of the National and Provincial building society. George Matthews, 39, has been chief executive since 1992.

Sherwood's recent poor performance is linked by the company to the recent troubles on the Lloyd's insurance market, where it has a significant portion of its business.

Bodies politic

■ David Lowe, formerly managing director of the London division of Securiguard, has been appointed chief executive of BRADFORD & DISTRICT Training and Enterprise Council.

He succeeds Simon Cheema who recently resigned from the Tec following an internal investigation. Cheema has now joined Public Sector Software, which develops software for the public sector.

■ Philippe Feron has been appointed executive director of EURO CHLOR.

Moulton joins Apax Partners

Jon Moulton, founder and managing partner at Schroder Ventures until he resigned in February, is to join Apax Partners as a director.

Moulton left Schroder Ventures after a disagreement over strategy; Schroders had tried to impose tighter controls over the venture capital group.

The high-profile Moulton developed a reputation for doing large management buy-out transactions at Schroders, among them Parker Pen Group and RJB Mining.

Though this is an area in which Apax has had limited experience, it has set out its stall as a venture capital group that hires industry experts who bring market knowledge to the boards of the companies in which the group invests.

It also says it has a very hands-on approach to its investments – an approach many venture capitalists have not taken when investing in large buy-outs.

Apax says that Moulton, on the other hand, shares its hands-on investment philosophy. His appointment would strengthen Apax in an area the group had been thinking of expanding into for some time.

Before founding Schroders, Moulton was with Citicorp Venture Capital in London and New York.

Moulton will be one of 11 directors at Apax.

Catherine Mowbray

Jan Fletcher, whose interests range from a car dealership to a fish and chip shop, has won the 1993 Veuve Clicquot Business Woman of the Year award.

The Leeds-based Fletcher Group, of which she is chairwoman, has franchises for Peugeot, Rover, Volvo, Citroën, Ford and Saab. She also has property interests and investments, and last year she branched out in a small way into publishing, investing in the Leeds TV Express. She will shortly be launching the Harrogate TV Express.

Della Bradshaw looks at the therapeutic benefits of using a 'sophisticated' toothpaste

The chance to shine

An old-fashioned scouring agent which has cleaned up in the American personal care market is making a comeback in Europe as the latest high-technology ingredient in toothpaste.

Toothpaste containing bicarbonate of soda, or baking soda, accounts for 25 per cent of the US toothpaste market. Now European consumers are being given a chance to go back to basics and sample the delights of scrubbing with baking soda, the crystals which conventionally have been used to ensure that boiled cabbage stays green or to deodorise refrigerators.

US brand leader Arm & Hammer, whose parent company Church & Dwight of Princeton promotes itself as the baking soda company, making everything from industrial cleaners to cooking ingredients out of the crystals, entered the UK market in January this year.

Following the brand's "Wow!" television advertising campaign, which began last month and concentrates on the taste sensation produced by brushing with a baking soda paste, demand has been phenomenal. "We reached three quarters of the the month's forecast sales in a week," reports Melinda Bowles, marketing assistant at Foodbrokers of Portsmouth, which distributes Arm & Hammer toothpaste. "We sold a third of our month's total in a single day."

Arm & Hammer is not being allowed a free run in Europe, however. Elida Gibbs launched its Mentadent bicarbonate of soda brand in Italy in November and it will be on sale in the UK from this month. In the US Colgate, Crest (from Procter & Gamble) and Aim (a Unilever brand) have also introduced baking soda "dental pastes", as toothpaste is known in the trade.

"Baking soda toothpaste could be worth 10 per cent by value of the UK toothpaste market," predicts Steve McNicol, category manager for Elida Gibbs, which manufactures the Mentadent brand. He does not believe its popularity will reach the same heights as in the US, however, where baking soda toothpaste has strong historical connotations and is even rumoured to have helped the Yankees win the American civil war. Nevertheless, Elida Gibbs is planning to spend £3.2m on promoting its new toothpaste this year.

Baking soda toothpaste is the latest in a rush of new toothpaste brands to hit chemists' shelves over the past two years, each claiming to be technologically more advanced at preventing tooth decay and controlling plaque.

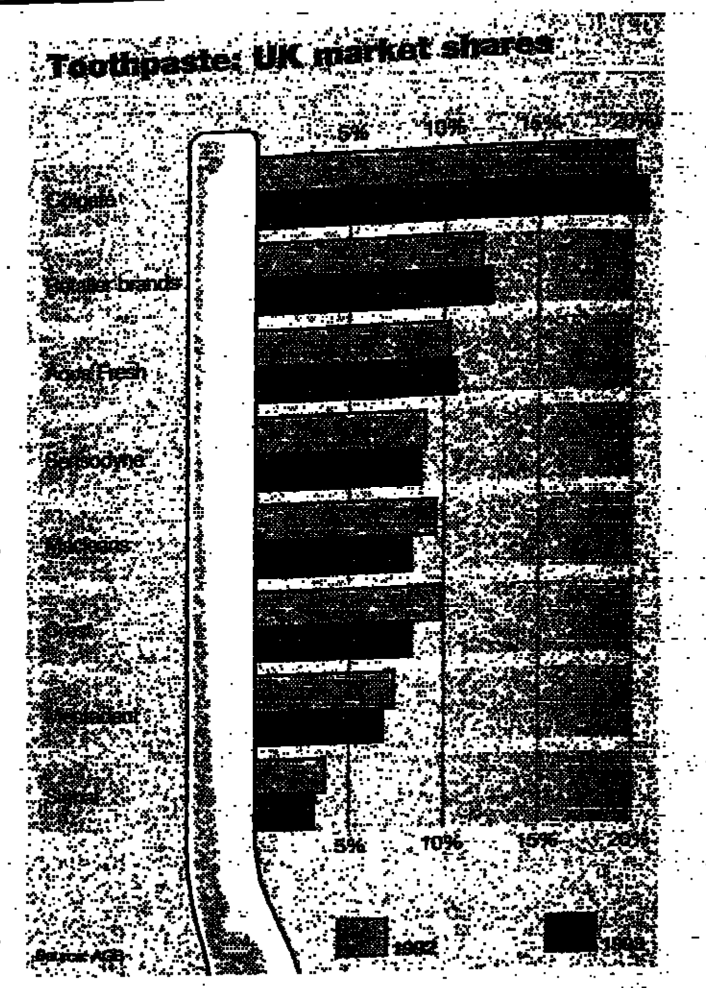
The launches have followed the realisation by the pharmaceuticals companies that although the market for toothpaste by volume is static – consumers still brush only twice a day – the growth in awareness of dental hygiene has meant that people are prepared to pay a premium price for a technically superior toothpaste.

"Consumers are now looking for more therapeutic benefits and so are trading upwards," says McNicol. The result is that though volume sales remain steady, in terms of value the toothpaste market is growing by 7 per cent a year overall. As a result, the UK toothpaste market is expected to be worth £215m in 1994.

The demand for advanced protection – the latest night action, tartar control and baking soda pastes – is growing even more quickly and is predicted to grow by 21 per cent this year.

The therapeutic benefit of bicarbonate of soda claimed by toothpaste makers is that it helps to neutralise the acids produced by the growth of plaque, the complex microbiological community which builds up on the tooth surface. Neutralising the acid prevents it attacking the tooth surface and causing decay.

A further advantage of the ingredient, says McNicol is that it produces fresh breath.



"It's therapeutic in that it balances the acid and it's cosmetic in that it fulfils the need for a strong taste. So it's addressing both the primary and secondary needs of the consumer."

Not everyone will find the powerful salty flavour of baking soda toothpaste to their liking. "It's difficult to use in the morning for the first few times, particularly after a heavy night," admits Bowles. But, she says, consumers who persevere soon refuse to use anything else.

Perhaps surprisingly, in spite of its gritty taste, baking soda is the mildest ingredient in toothpaste except water.

Arm and Hammer has two strengths of paste, a green minty gel which contains 29 per cent bicarbonate of soda, and a white opaque paste which contains 65 per cent. The Mentadent brand contains 10 per cent bicarbonate of soda, and the manufacturer has added a strong minty flavour to try and mask the salty taste.

Both brands contain fluoride, which toughens teeth against decay and which is a general ingredient in toothpastes. The Mentadent paste also contains triclosan, an anti-bacterial agent which reduces bacterial growth and inhibits the metabolism of plaque.

If baking soda toothpaste is the European flavour for 1994, 1993 saw the launch of several high-tech toothpastes designed to persuade the consumer to trade upwards. There were pastes which combined cleansing agents with mouthwash and others which claimed to work all night, inhibiting plaque formation and so reducing decay, by working long after the consumer has stopped brushing.

Mentadent Night Action Toothpaste, for example, which took more than 18 months to develop, is formulated with a base of calcium carbonate rather than the traditional silica. As well as acting as a physical cleaning agent the calcium carbonate also helps to neutralise the plaque acids because the chalky substance is retained in the plaque and so reduces further attacks.

At night the flow of saliva is halted so the active ingredients delivered by the toothpaste in the late night brushing are not washed away, aiding the process.

According to McNicol, the real acid test of whether such developments work is whether the consumers are convinced. "If consumers weren't believers then I don't think they'd buy the products."

Doing away with the dentist's drill

The whirring sound of the dentist's drill may soon be little more than an echo from the past for millions if a dentistry technique being promoted by the World Health Organisation catches on.

Its novel approach to cavities, or dental caries as they are known to dentists, involves cleaning them with simple hand-held instruments and then filling them with an adhesive material. The material used is glassionomer, which sticks to the teeth and releases fluorides to help protect against future cavities.

Glassionomer has been used in the industrialised world for small cavities in front teeth for about a decade. The WHO now believes that the substance could form the basis of improved dental care for millions in the developing countries, thanks to advances in its durability, adhesion and ability to release fluoride.

The substance has been tested in Zimbabwe and in rural parts of Thailand where, after three years, 86 per cent of the glassionomer fillings were still in place.

The technique, known as atraumatic restorative treatment, has further advantages in the developing countries as it requires neither water nor electricity.

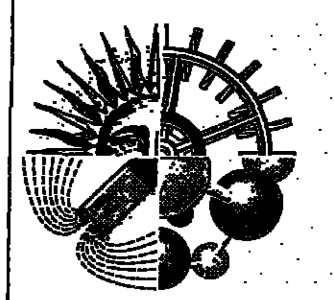
The few instruments needed can be stuffed into a satchel, enabling the dentist to carry out the procedure in the field.

The restorative treatment was tested and evaluated by Taco Pilot, a professor at the University of Groningen in the Netherlands. He and his team believe the process could be also used for those with dental problems in underprivileged urban groups and refugee situations as well as the developing countries.

Although widespread water fluoridation has reduced the incidence of tooth decay in industrialised countries over the past 20 years, there are still high-risk populations, according to data published by WHO. In the US, for instance, black children have 65 per cent more untreated tooth decay than the average, while among American Indians it is 265 per cent.

More than half of housebound elderly people in the US had not seen a dentist in 10 years, according to the survey.

Worth Watching · Clive Cookson



Robot-selected gene colonies

The international Human Genome Project – aimed at mapping and identifying the estimated 100,000 human genes – is stimulating rapid advances in laboratory automation. The latest comes from a collaboration between the Imperial Cancer Research Fund, a London-based charity, and two UK companies: Linear Drives of Rayleigh, Essex, and Genetix of Christchurch, Dorset.

The three partners have developed a robotic system to help scientists produce the huge numbers of cloned cells required for genetics research.

The system locates clone colonies growing on culture plates with a CCD camera. It then "picks" healthy-looking colonies with a block of 96 spring-loaded pins and moves the cells to dishes for further growth and analysis.

Linear Drives: UK, 0268 770496.

Fishing for medical clues

The lamprey, delicacy of medieval monarchs and among the most primitive of fish, is the model for an ambitious computer simulation project funded by the UK Biotechnology and Biological Sciences Research Council and headed by Thelma Williams at St George's Hospital Medical School, London. The idea is to simulate the detailed interaction between nerves and muscles, the rest of lamprey's body and water, which produces its characteristic eel-like swimming motion.

The lamprey's anatomy and nervous system are simple and well understood compared with more advanced animals. Nerve cells in its spinal cord generate rhythmic neural patterns, which activate muscles to contract alternately on opposite sides of the fish, without commands from the brain.

The ultimate aim is to provide more general information about the way animals move. This would help to underpin medical progress in treating locomotive disorders.

BBSRC: UK, 0793 414668

Fresh as the day it was picked

Apple growing is a competitive business. English growers, facing tough foreign competition, need to be sure that storing fruit does not harm its quality, *Andrew Fisher writes.*

To improve storage of fresh produce, Eastern Electricity, the UK power company, is pioneering a technique which uses nitrogen to help establish the right atmosphere. It will work with Domnick Hunter, the water and gas filter specialist, to produce generators for this market.

The portable nitrogen generator was designed by Eastern Electricity and developed at the Industrial Energy Efficiency Centre, partly funded by the company. In the controlled atmosphere of a refrigerated warehouse, fruit continues to ripen if the building is less than air tight; if it has to be opened, the sudden rise in oxygen content accelerates deterioration. The nitrogen prevents this.

Eastern Electricity: UK, 0473 553416

Breaking the language barrier

Companies in Europe's £140bn energy and chemicals processing industry want to communicate more efficiently, but their differing computer and software systems make this difficult. CADCentre of the UK, an engineering database specialist, is developing software to overcome this problem, *Andrew Fisher reports.*

The idea is to ensure that data remain reliable as they go through stages in the life-cycle of a process plant, from design and construction to operation and maintenance.

CADCentre: UK, 0223 314848

Evans of the Ashmolean

Arthur Evans, excavator of Knossos, is a Victorian hero who did not die until 1941, soon after hearing that the Germans had captured Crete and installed themselves in the Villa Ariadne, his house at Knossos.

Evans is important not only for uncovering the sophisticated early civilisation of Crete and working out by 1906 a history of the Minoans that still holds today, but also for the Ashmolean Museum in Oxford which, without him, would not be the elegant, erudite museum it is such a pleasure to visit today.

Arthur Evans: His Life and Times, at the Ashmolean until August 21, is the right tribute in the right place to a remarkable man and a delightful vignette of Victorian and Edwardian England.

***Gerald Cadogan** pays tribute to the remarkable man who brought the Minoan civilisation to light*

An eternally curious man, he was an able numismatist - being short-sighted was a help - and his archaeology covered Europe and the Mediterranean. One speciality was the Yugoslav coast and Bosnia, where he had reported for the Manchester Guardian, as an uncompromising Gladstonian champion of the locals, on the fight for freedom from the Ottomans and the Austrians. He lived for a while in Dubrovnik, where he was imprisoned by the Austrians. The ethnic/religious map of Slav territories he prepared in 1913 for the Balkan Committee is still sadly apposite.

In Oxford he "re-founded" the Ashmolean. The exhibition comes 110 years after he became its Keeper (and a century after he first visited Crete to try to discover its early scripts, little imagining that the task he started six years later would be to uncover a civilisation). Evans had the luck to be born into a clever, rich family. His father, Sir John Evans, was himself a distinguished archaeologist (as his younger sister Dame Joan Evans also became), who knew Charles Darwin and Augustus Henry Lane Fox (later Pitt Rivers), and who applied evolution to the development of human technology. It was a heady, intellectually exciting world, helped - as so often in the period - by some money. His mother was a Dickinson of the family that made paper at Nash Mills in Hertfordshire.

As Keeper of the Ashmolean his triumph was to bring the old museum collections (in the building that is now the Museum of the History of Science) over to the splendid University Galleries of Charles Cockerell, to be primarily a teaching and research collection of art and archaeology, of which a library was an essential part. Not that Benjamin Jowett, Vice-Chancellor of the University and Master of Balliol, thought it a good idea. Evans had a mighty battle with him, which he won with the help of a major backer. CDE Fortnum, of the grocers in Piccadilly, produced collections (of majolica, bronzes and rings) and funding.

A decade later Evans's single-minded determination was again essential to buy the site of Knossos from a multitude of peasants, and drive the dig of a large, complicated site which the prehistoric Cretans had occupied for over 2000 years.

Today the Ashmolean is a great museum with many marvellous pieces, such as its Old Master drawings and its Athenian pottery. Its Cretan collection is the best outside Crete, and its library is envied across the world. And I have found over the years that its staff are singularly helpful, and ready to share their knowledge - which art historians and archaeologists know is a great compliment.

But, as Evans knew, continuous improvements needs space and funds. Behind Cockerell's facade and main galleries the building is a rabbit warren. Much of the ancient pottery lurks in a "Sunken Court" in the middle of the building which is closed to the public. It is the only space in the building that is left to develop, by contrast with the British Museum which is about to gain a windfall when the British Library leaves the vast Reading Room.

The director, Professor Christopher White, plans to instal four floors in the Sunken Court. In this basement, Cockerell made an impressive undercroft with Doric columns. Now used as a workshop, it will become a restaurant (much needed), with a new lecture theatre and space for the growing education service. The ground floor will have a new entrance to the museum and a new shop (with displays kept low to preserve Cockerell's design), and will lead into the Randolph Gallery. Refurbishment has made this hall of sculptures a 19th-century joy, where the steam-cleaned statues stand out against raspberry walls. At the end of the gallery the main staircase has also been redone as a handsome approach to the first-floor picture galleries of Western Art.

The most obvious change will be outside, where the patches of grass will make way for a piazza of York stone, with the steps from the street slightly set back and Cockerell's original balustrade reinstated. The architects are Stanton Williams. A still anonymous donor is funding the cost of around £4.5m.

As part of the Campaign for Oxford, the appeal for the Ashmolean has raised £8.67m in gifts or promises to date. Already, 12 galleries and the stairs have been redone. Dietrich and Joyce von Bothmer are paying for two antiquities floors in the Sunken Court. The Clore Foundation has endowed the Education Officer.

Sir Arthur would approve. A hundred years ago after he returned from the first visit to Crete that changed his life, the objects were moved from the old Ashmolean to where they are now. It took from August to November. The most precious pieces went in hand-carts.

The exhibition continues until August 21. The Ashmolean has just published *Before Knossos... Arthur Evans's Travels in the Balkans and Crete* by Ann Brown (£12.95, £7.95 pb, 85 pages)

The Hulton-Deutsch Collection

The late Sir Arthur Evans, past Keeper of the Ashmolean Museum, with the Throne of Minos

Opera/Richard Fairman

More myth and power from Weir

Over and over a bird sings "Far away and long ago" at the start of *Blond Eckbert*. Like another woodbird in Wagner, she is introducing a tale of murder and incest from the romantic world of German folk stories, where huntsmen rove the forests and everybody fights through a dense undergrowth of Freudian subtext - though there the similarities end.

It is a coincidence that there are two new operas concerned with the power of myth in London at the moment. At Covent Garden Harrison Birtwistle's *Gawain* is an epic on a monumental scale. *Blond Eckbert* by Judith Weir, given its premiere by English National Opera on Wednesday, is shorter and sharper, an evening that says what it wants to say and no more. Weir, after all, did start with a 15-minute opera with a cast of one. She is not a composer who likes to waste one's time.

On the face of it the plot is simplicity itself. (Weir has made her own libretto from the original short story by the 19th-century Ludwig Tieck.) Eckbert and Berthe, following on from the similarly-named Siegmund and Sieglinde before them, are not only husband and wife, but brother and sister. The climax of the tale is the revelation of this truth, but tantalising shafts of light are shone into the characters' psyches along the way.

Like the Birtwistle, *Blond Eckbert* is a story of self-discovery. Where Gawain goes out into the world to explore who he is through a ritual series of trials, Eckbert retreats within himself. He traces the roots of his personality back to his childhood and what he finds is rejection (definitely), child abuse (possibly) and a life of utter, inconsolable loneliness.

This must sound awfully gloomy, yet the opera is anything but. Weir is a quick-witted story-teller, who recounts events with a wry smile creeping across her face. The music never takes two minutes to describe what it could in one, sketching the characters deftly, painting the mood with a flick of the brush, a few glinting colours enough to suggest the danger lurking in the fairy-tale forest before the murder. The lightness of touch is reminiscent of Stravinsky's *Le Rossignol*.

Perhaps one would like to feel a bit more for poor Eckbert. No matter how much he suffers, the music refuses to get involved, leaving Nicholas Folwell no channel through which to broadcast his feelings. He and Berthe, taken by Anne-Marie Owens, remain the playthings of Weir's detached observations. Three subsidiary characters were well taken by Christopher Ventris. Nerys Jones's bird flew with more poise than she sang. All seemed reasonably confident under Sian Edwards's musical direction.

The lesson that Weir has learnt from Britten among others is that the most probing operas are often the simplest on the surface. Unfortunately Tim Hopkins (producer) and Nigel Lowery (designer) seem to have set out asking, "How shall we show that nothing you see in this opera is what it seems?" "How about some film or some shadow puppets?" "Or funny walks for the characters?" "Or zany drop-curtains and plenty of them?" "No - it might be boring. We'd better give them the whole lot". And so they do.

When *Blond Eckbert* circulates, as it surely will (Santa Fe already has it booked for this summer) it asks for a production with the same sleight of hand as its composer's. Next time I would like to see the opera in a smaller theatre, where every word can be heard, every nuance savoured. For those who want to feast on new opera, *Gawain* is the main course, *Blond Eckbert* a sorbet to cleanse the palette. Weir herself is well on course for an operatic rosette.

Seven further performances at the London Coliseum ending May 18

Alastair Muir

***Blond Eckbert*: Nicholas Folwell in the title role**

Theatre/Martin Hoyle

A 'Hamlet' à la Fellini

On a glass pedestal a silver trunk of the sort used by music-hall magicians revolves slowly to the sound of crashing surf. A magician indeed appears, top-hatted and caped, with his assistant, a red-plumed showgirl. A bluesy trumpet plays.

Out of the trunk a young man is winched in harness to dangle over the stage. Another figure emerges, a child in topcoat and stove-pipe hat, the Artful Dodger impression countered by his air of innocence and the white flower in his buttonhole. This is Horatio.

The ghost is a ventriloquist's doll carried round the stage by the magician. Hamlet (yes) is winched down. Lights, a blast of circus music, and in troops the court of Elsinore. What does that jaunty minor-key strut evoke? Why is that faintly sleazy glitter, that sinister invitation to fun, familiar? Of course: Federico Fellini. If the late Italian movie director had filmed *Hamlet* it would have come out as something like Julia Bardsley's adaptation at the Young Vic.

Bardsley's short régime has had a rough ride. I suspect this Shakespearian extravaganza will suffer from the downward roll. A shame, since the production is brave, bizarre, imaginative, hallucinatory, sometimes irritating, often poetic. As one who has appraised more great Danes than a judge at Crufts, I was kept alert and intrigued throughout.

They give us variations on the theme, perhaps, rather than the play itself. But what production has ever given us every aspect of *Hamlet?* The text has been cut and shuffled (the most annoying detail being Hamlet's substitution of "prayers" for "orisons" as if that would puzzle us more than the rest of these goings-on), and characters are omitted, with much fascinating double-casting.

Rosencrantz and Guildenstern are played by one man carrying a life-size dummy, initially both sporting identical orange bowlers and Groucho Marx spectacles. Natasha Pope plays Ophelia and Gertrude. She lacks the vocal weight for the faintly floozy queen (red bouffant, vivid lipstick); but the image of Ophelia's mad scene evokes a blend of punk and pre-war Berlin cabaret, as she belts "How should I your true love know?" into a mike. She cuts a vaguely expressionistic figure, a frowsy version of Wedekind's Lulu perhaps, in her clinging fur-hemmed frock and clown's blue and white banded knee-socks.

Claudius' bottle-green suit, glasses and crown sustain the circus *motif*. Boyd Clack's disconcerting facial mixture of David Mellor and the Chancellor of the Exchequer adds conviction to this *homme moyen sensuel*'s dabbling in political waters too deep for him. And of course one actor plays Polonius and Laertes, father (pink coat and fez) and son (purple coat).

The production's emphasis on the individual's duality, internal and external character (which offers after all an explanation of Hamlet's anguished dithering), prompts two set pieces: the play scene when lust and murder are enacted by dolls, then taken over by their human counterparts as a rock score pounds and a red-nosed Hamlet leaps around, apelike, urging them on and Rosencrantz and Guildenstern, now pig-faced, fondle each other.

More moving is the prince's address to the players, here a pile of dolls, and the actor he begs a speech from: the doll is a beautifully-made miniature of Hamlet himself who obliges (with his master's voice) not with Hecuba but "To be or not to be". This leads straight on to Hamlet *in propria persona* bursting out with "Oh, what a rogue and peasant slave", here the levels of artifice blur: what or who is he reacting to? Come to that, who is the master puppeteer-ringmaster magician-ventriloquist behind each character? The old enigma of Hamlet's determinism is still unsolved.

Rory Edwards prowls, haggard, through the title role, a neurotic wreck from the start (pullover with ape-length arms, bare feet), within an inch of genuine madness. Unless, as in *The Cabinet of Doctor Caligari*, the whole court is an asylum. The final duel is almost perfunctory, slow motion lunging over the central pedestal, the lines sounding flatter as if a clockwork mechanism were running down.

The manipulative magician (shades of *Lulu*'s Ringmaster) and his assistant (in fact Bardsley and her designer Aldona Cunningham) pay the play the compliment of refusing to treat it as a museum piece but something alive and resilient to bounce ideas off. Nothing is taken for granted; surprises continue to the very end when, in response to "The rest is silence" as Hamlet wanders off, the child Horatio delivers the last lines in deaf and dumb language. Cheek.

At the Young Vic (071 928 6363)

INTERNATIONAL ARTS GUIDE

EXHIBITIONS

AMSTERDAM

Rijksmuseum Dutch Figure Drawings 1700-1850. Ends May 1. Closed Mon

Van Gogh Museum Pierre Puvis de Chavannes: 150 portraits, still lives, genre pieces and sketches by the 19th century artist whose murals grace many public buildings in France. Ends May 29. Daily

BARCELONA

Museu Picasso The Russian Avant-Garde 1905-25: a touring exhibition of 83 paintings from Russian museums, including works by Malevich, Kandinsky, Popova and many others. Ends June 26. Closed Mon

BASLE

Antikenmuseum Rediscovering Pompei: this internationally-acclaimed exhibition of 200 objects, including jewellery, ceramics, statues and household implements, gives insight into daily life in the Roman town, supplemented by a reconstructed garden with mosaics and a room complete with original frescoes. Ends June 26. Closed Mon

BERLIN

Spandauer Zitadelle Dali as Sculptor and Illustrator: 38 sculptures from the years 1936-88 and 300 illustrations on themes from world literature. Ends May 25. Daily

Neue Nationalgalerie Rebecca Horn (b1944): retrospective of the German artist renowned for her mechanical sculptures and provocative drawings. Ends May 1. Closed Mon

Brucke Museum Fritz Bleyl (1886-1976): more than 100 drawings, watercolours and prints by one of the founders of the Brücke. Ends May 16. Ernst Ludwig Kirchner: street scenes 1913-15, the high point of Kirchner's Expressionism. Ends May 16. Closed Tues

COLOGNE

Josef-Haubrich-Kunsthalle The World of the Maya: 300 objects from the golden years of Indian culture in Central America. Ends May 15. Daily

Museum Ludwig The Unknown Modigliani: 240 of the 440 hitherto unknown drawings amassed by Paul Alexandre before 1914. Ends July 10. Closed Mon

GENEVA

Musée Rath Henri Michaux (1899-1984): more than 200 works by the French poet and artist. Ends May 22. Closed Mon

LEIPZIG

Museum der bildenden Künste Julius Schnorr von Carolsfeld: retrospective of the early 19th century German painter and illustrator who joined the Nazarener in their decoration of the Casa Massimo in Rome. Ends May 23. Closed Mon

LONDON

Royal Academy of Arts Goya: 100 small-scale paintings covering his entire career. Ends June 12. Daily (advance booking 071-396 4555)

Hayward Gallery Salvador Dali: The Early Years. Ends May 30. Daily (Advance booking 071-928 8800)

Tate Gallery Picasso: 200 works focusing on the relationship between sculpture and painting. Ends May 8. Daily

MADRID

Centro de Arte Reina Sofia Joseph Beuys (1921-86): 10 installations, 25 sculptures and 456 drawings by one of the most controversial figures in postwar German art. Ends June 6. Closed Tues

Fundacion Juan March Isamu Noguchi (1904-88): 58 outdoor sculptures expressing the Oriental and Western cultural traditions inherited by this American artist of Japanese origin. Ends June 26. Daily

MANTUA

Palazzo Te Aksel Waldemar Johannessen (1880-1922): this distinguished disciple of Munch died prematurely from the combined effects of bronchitis and alcohol, and was forgotten until recently. This is only the second exhibition of his works ever held, and the first outside Scandinavia. Ends June 19. Closed Mon

MARTIGNY

Fondation Pierre Gianadda Auguste Rodin: 90 drawings and watercolours and 10 sculptures. Ends June 12. Daily

MUNICH

Lenbachhaus Between the Brücke and the Blaue Reiter: Expressionist paintings from the Ahler Collection. Ends May 23. Closed Mon

NAPLES

Castel S. Elmo Naples under the Austrian Viceroy 1707-34: a splendid itinerant show from Vienna, dominated by the magnificent baroque works of Francesco Solimena. Ends July 24

NEW YORK

Museum of Modern Art Frank Lloyd Wright: architectural fragments, full-scale constructions, scale models and 350 original drawings. Ends May 10. Feininger, Kandinsky and Klee: 75 prints and illustrated books produced by three Bauhaus artists. Ends May 17. Closed Wed

Metropolitan Museum of Art The Decorative Arts of Frank Lloyd Wright: 35 works, including furniture, ceramics, sculpture and architectural fragments, seen in context with an actual living room created 1912-1914 for a private home in Minnesota. Ends Sep 4. Petrus Christus: 22 paintings by the 15th century Netherlandish master, renowned for the jewel-like luminosity of his work. Ends July 31. Sidney Nolan's Ned Kelly Paintings: 27 paintings dating from 1946-7 chronicle the adventures of the 19th century Australian outlaw. Ends July 17. Closed Mon

Guggenheim Museum Frank Lloyd Wright's Designs for the Guggenheim Museum. Ends May 20. The main museum is closed on Thurs, the SoHo site on Tues

Whitney Museum of American Art Joseph Stella (1877-1946): retrospective of the modernist who helped translate concepts of the European avant-garde into an American idiom. Ends July 17. Closed Mon

PARIS

Grand Palais The Sun and the Northern Star: the fascination which Louis XIV exercised in 18th century Europe is reflected in the collections of paintings, porcelain, furniture and silverware imported by Gustav III of Sweden in an attempt to emulate the splendour of Versailles. Ends June 13. Closed Tues

Hôtel de Ville Nicolas de Stael: 70 paintings and 40 drawings from private collections, whose smaller scale - compared to the large canvases hanging in museums - reveals a gentler aspect of the Russian-born, French-trained painter who committed suicide in 1955. Ends June 19. Closed Mon (Salle Saint-Jean, 3 rue de Lobau)

Mona Bismarck Foundation Early Italian Peoples: pottery, jewellery, bronze statuettes and arms, showing the diversified artistic expression of the inhabitants of central and southern Italy 3000-300 BC. Ends May 17. Closed Sun and Mon (34 quai de New York)

Petit Palais Art of the Tainos Sculptors: 85 pre-Columbian masterworks in stone or wood. Ends May 29. Closed Mon

Centre Georges Pompidou The City, Art and Architecture in Europe 1870-1993. Ends May 9. Closed Tues

ROME

Villa Farnesina The Chinea and 18th century Architectural Firework Machines: an unusual show of 18th century drawings and engravings depicting the annual ceremony in Rome when the Neapolitan ambassador offered a tribute to the Pope in return for the sovereignty of the Kingdom of the Two Sicilies. This was always accompanied by a white horse, known as the Chinea. Ends May 31. Closed Sun

Villa Medici Tamara de Lempicka: 50 works by the Polish artist famous for her bohemian lifestyle. Mainly nudes, her works are painted in a vaguely Cubist style, tempered by Art Deco. Ends May 1. Daily

Palazzo Venezia The Normans 1030-1200: a vast exhibition examining every conceivable aspect of this extraordinary people. Ends April 30. Closed Mon

VENICE

Chiesa San Bartolomeo Tintoretto: 15 religious paintings from Venetian churches. Ends May 1. Daily

Palazzo Grassi Renaissance Architecture from Brunelleschi to Michelangelo: 250 works from European and American public collections. Ends Nov 6. Daily

VIENNA

Kunstforum From Chagall to Picasso, Masterworks from the Guggenheim Museum. Ends June 5. Daily

Jüdisches Museum Chagall's Russian Years: 50 oil paintings, watercolours and drawings from the period 1908-20. Ends June 12. Closed Sat

Museum des 20. Jahrhunderts Picasso: 180 paintings, drawings, collages, bronzes and ceramics from the Ludwig collection. Ends June 19. Closed Mon

Albertina The Young Kokoschka: 200 watercolours and sketches from the years 1898-1917. Ends May 23. Daily

KunstHaus Le Corbusier (1887-1965): retrospective of the Swiss architect. Ends May 1. Daily

Künstlerhaus Art and Dictatorship: an exhibition comparing Hitler's, Stalin's and Mussolini's ideas of degenerate art in paintings and sculpture. Ends Aug 15. Daily

Museum für angewandte Kunst Tyranny of Beauty: a study of the wedding-cake architectural style of Stalin's era and the reconstruction of Moscow. Ends July 17. Closed Mon

Kunsthistorisches Museum Isabella d'Este, princess and patron of the Renaissance. Ends May 29. Closed Mon

WASHINGTON

National Gallery of Art Ruth Benedict Collection: 78 prints and drawings from the 16th to 20th centuries, including Rembrandt, Canaletto, Tiepolo, Daumier and Moore. Ends June 12. Hans Hemling's St John the Baptist and St Veronica: two panels by the late 15th century painter from Bruges. Ends May 15. Ornament in European Graphic Art 1300-1800: more than 90 prints, drawings, illustrated books and decorative objects. Ends Aug 21. Daily

ZURICH

Kunsthaus Richard Gerstl (1883-1908): 70 portraits and landscapes by the least known of the great Viennese Expressionists. Ends May 8. Friedrich Dürrenmatt: paintings and drawings by the Swiss author. Ends May 18. Closed Mon

Power to the poor relation

David Gardner on the European Parliament's new-found strength

The European Union's Awkward Squad, up to now represented by the French with their misgivings over free trade, by the British and their obsession with sovereignty and Euro-social policy, and by Spaniards demanding more EU money, has acquired a new member: the European Parliament.

The directly elected, 518-member, trans-European assembly is beginning to flex its muscles and to use the significant powers it gets under the Maastricht treaty. With Maastricht in force since last November, and with a substantial change of membership expected after June's European elections, Strasbourg is enjoying being the new kid on the Euro-block.

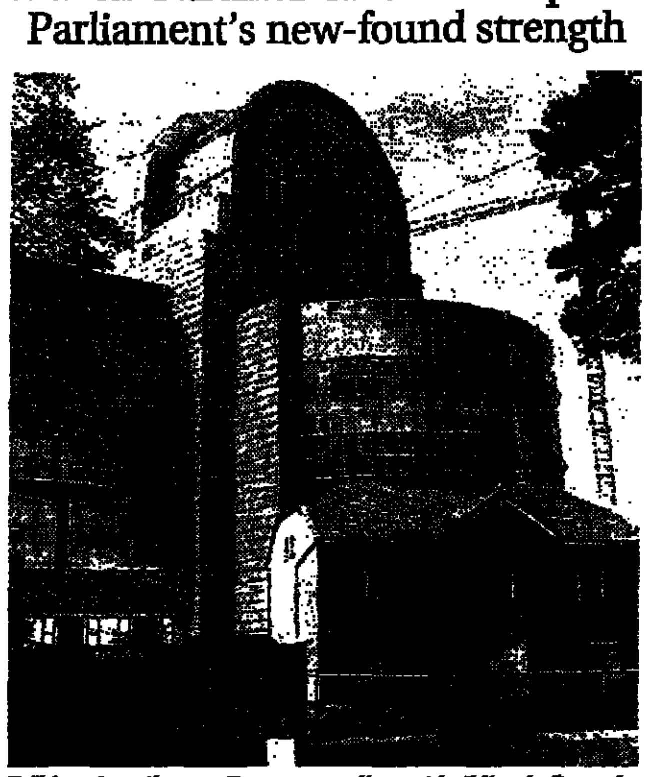
The parliament has long suffered derision: as the mother-in-law of parliaments; a talking shop for political has-beens and no-hopers; a gravy train for gilded gypsies who hold their plenaries in Strasbourg, their committee meetings in Brussels, assisted by their staff in Luxembourg, while clocking up the generous expenses needed to fuel this perpetual motion.

But this poor relation to the European Commission (which proposes EU measures) and the Council of Ministers (which decides whether to put these into law) is now coming into its own. Neither Brussels nor the member states can afford to ignore it.

The clearest example of this new-found strength is Strasbourg's brinkmanship over the enlargement treaty to bring Sweden, Finland, Austria and Norway into the Union next year, which parliament must approve by 260 out of 518 votes next month if the plan is not to unravel.

During last month's bitter row between Britain and its partners over voting rights in the Council, the Euro-MPs made clear that, if the UK won its demand that a small minority of countries could continue to block decisions when the 12 become 16, it would not allow enlargement to go ahead.

This attitude constrained member states to make only cosmetic concessions to the UK. Even that, however, annoyed MEPs across party lines. This week's plenary session in Strasbourg was therefore lobbied intensively, by Scandinavian and Austrian government and party leaders, by Commission president Jacques Delors, and by the current Greek presidency of the Council. As a result, the accession treaty will be put to a vote on May 4.



Talking shop: the new European parliament building in Brussels

But it looks certain that there will be a price. When the 12 members and the Commission review the Maastricht treaty in 1996, parliament may not get a seat at the top table but its views will have to be treated seriously. It could even get more powers, which it says are needed to hold to account both Brussels and national ministers meeting behind closed doors in the Council.

It is easy to overlook the fact that parliament, even before Maastricht, already wielded considerable law-making powers. The Single European Act, making possible the single market, conferred on disgruntled MEPs what seemed only consultative power. But the act's move to more majority-voting in Council gave unforeseen influence to parliament.

Mr Richard Corbett, the leading constitutional specialist at the parliament, says that between July 1987 and September 1991, 208 Euro-laws were passed to Strasbourg, which made 2,734 amendments. Of these, 1,410 passed into EU and therefore national law.

After Maastricht, parliament has "co-decision" power with the Council, including the rights to veto most measures member states pass by qualified majority voting and to vet the new Commission which takes office next year.

In the handful of cases so far concluded, parliament forced the Council to raise R&D spending by Ecu400m (£315m) over the next five years. But on Wednesday, not untypically, the first ever veto on a Council decision – to ban motorcycle engines above 100-brake horsepower – failed to occur, because not enough MEPs turned up to vote. "We often stray into cock-up territory, that is true," acknowledges one parliament official.

The parliament is erratic, but is getting less so. Recent attempts by Euro-MPs to set up a Euro-observatory for Unidentified Flying Objects, or this week's call for a so-called "urgency debate" on the end of the second world war, are no doubt hilarious. But it is a sign of the times that neither request got on the agenda.

Socialist-inspired reforms of procedure to root out frivolous motions and amendments, and the emergence of new driving forces, may at last give Strasbourg what it has lacked: a sense of priorities. "We are concentrating on what is achievable and do-able," says Mr Julian Priestley, secretary-general of the Socialist group, the largest bloc in Strasbourg.

The apparats of cross-border groups like the Socialists and the Christian Democrats, the growing expertise of rapporteurs appointed to steer legislation, a core of experienced parliamentary vice-presidents, and the increasing importance of committee secretariat work, now set parliament's agenda. And with some agility.

Parliament, for instance, must be consulted on Mr Delors' successor, but can only object to him or his fellow commissioners by rejecting the entire team. However, officials say they will not put the issue on parliament's agenda unless it can hold US Senate-style confirmation hearings with each candidate.

The inferiority complex MEPs had in relation to the other EU institutions or their national MPs "is a thing of the past", Mr Priestley argues. "You do get the impression of a parliament coming of age."

Nevertheless, the popular backlash against the undemocratic way in which Europe's great leap forward was decided switched the spotlight back on to national parliaments as the true fount of democratic legitimacy. Did Strasbourg lose out?

Links between Strasbourg and national assemblies are tightening, raising MPs' Euro-literacy and MEPs' sensitivity to national concerns. But the effect is strongest on MEPs, undermining transnational group cohesion in Strasbourg.

Ms Maryon McDonald, an anthropologist studying the parliament, observes that "all [MEPs'] more powerful emotive symbols still come from the nation state". Unlike the true believers at the Commission, many MEPs have trouble psyching themselves into the politically correct Euro-discourse of those who would construct Europe.

But the trend is in parliament's favour. At the nitty-gritty level, where Euro-law is decided by majority vote in Council, it is the European Parliament, not a national parliament which may have been in the defeated minority, that is best placed to exercise control. And it has given notice that it is willing to play rough.

Joe Rogaly

History frittered away

This week's argument about D-day *should* be ephemeral, a puffball floated on currents of momentary outrage. Yet the heated debate over how to mark the 50th anniversary of the Normandy landings of June 6 1944 is instructive. There are two lessons to be learned. First, it is evident that the government's luck has not yet begun to turn. Second, Britain still fails to comprehend the significance of its own recent history. Its politicians are dimly aware of how fundamentally the world has changed over the past half-century, but they are not courageous enough to convey their fuzzy understanding to the electorate.

These are separate issues, to be addressed in turn. Sighing, we must start with the little matter of the government's persistent ill-fortune. For a Conservative administration to find itself at odds with the country's most revered old soldiers is yet another sign that the Furies have turned against it. To pick a squabble with the police, as the Tories did a few months ago, is careless. To follow that by contriving to upset Dame Vera Lynn is suicidal. Dame Vera, a singer, rose to fame during the second world war as a popular entertainer of the troops. She has since become a symbol of Britain's mid-century glory. She never fails to give us her heroic song. We know we'll never meet again some sunny day, but we like to hear her promise in pure Doris Day overlaid with a fine English intonation, that we will.

Her position is clear. If her "boys" – the veterans' associations – want her to sing, in Hyde Park or elsewhere, she will. If not, not. This complicates matters. Somewhat late in the proceedings, the veterans have expressed displeasure at the tackier elements of the programme of civilian events scheduled between June 4 and 6. They do not take issue with the military ceremonies arranged by the Ministry of Defence. Those are formal, solemn commemorations. Their distaste is understandable. Many lives were lost on the Normandy beaches. The survivors want respectful remembrance, not street happenings. Some of the possibilities for the latter (sand castle contests; eating "Spam fritters") have been derided in newspapers that originally supported the notion of a festival. This media-augmented turn in the national mood had the predictable result: the government panicked.

Nothing could be further from the collectivist, communitarian egalitarianism of the 1940s than the spirit of the 1980s

The minister in the firing line is Mr Peter Brooke, the secretary for national heritage. A schoolboy in 1944, he remembers clambering over tanks on the great day. Others of his age recall swarms of airplanes, buzzing like bees, heading south and south-east. Yet others swear there was dancing in the streets. For civilians the exciting prospect of potential victory may have outweighed intimations of the casualties to come. Mr Brooke's programme was originally intended to express the incipient home-front optimism of D-day. His department, which is responsible for tourism, chose to co-ordinate the many local events, and, imprudently, to appoint Sir Tim Bell, a public relations consultant whose name is associated with his work for Lady Thatcher in the 1980s.

Mr Brooke, or his civil servants, should have known better. Nothing could be further from the collectivist, communitarian egalitarianism of the 1940s than the spirit of the 1980s. Sir Tim, and his firm, were, however, hired to do a job. The heritage department must take responsibility for what was proposed. It is up to the head of that department to answer for the ensuing row. To patch it up, Mr Brooke has to bring off an acceptable deal with the old soldiers, and by extension Dame Vera. No fool, he is perfectly capable of doing so. Yesterday he kept an eye on his undersecretary and negotiator, Mr Iain Sproat, as the latter sought to appease the vets. We may be sure that whatever is necessary will be done.

The government's immediate loss is any political advantage that might have been gained from the celebrations, which take place a few days before the elections to the European parliament. Tough. The nation's loss is the chance of debating the contemporary significance of the events of summer 1944. That was the season in which, under General Eisenhower's supreme command, thousands of American, British, Canadian and other soldiers died to help rid Europe of the Nazis. Their courageous sacrifice had enormous consequences. The war ended with the Soviet empire enlarged, and the stage set for the retreat from empire of Britain, France, Belgium, the Netherlands and, later, Portugal. The Normandy landings may be said to have marked the beginning of the end of European rule over large tracts of the planet. They also established the predominant global power of the US for the ensuing half-century.

That power is now in abeyance. The self-sacrifice with which the Allies tackled Nazi Germany has been absent from their response, generations later, to Serbian expansionism in former Yugoslavia. This is explicable, if not excusable. Serbia is not poised to attack France, or Britain, or the US. Britain and France have sent low numbers of troops, some of whom have been killed; the US has sent none. The recent dissolution of the Soviet empire changed the world again, as surely as did the defeat of Nazi Germany nearly 50 previously. It re-awakened America's isolationist spirit. Thus President Bill Clinton will attend the D-day commemorations as an unlikely successor to President Roosevelt and Ike, a living symbol of a United States that chooses to be impotent.

The Queen will be there, representing her father's war. She will need no reminding of the declining influence of Britain since those great days. The television screens will be full of speeches, prayers, military bands, fly-pasts, marches, and pictures of the heads of state and government of what might then have been called the greater Atlantic co-prosperity sphere, but is now the disunited states of confusion.

The world is no longer as dangerous as in 1944. At least the vileness of the Nazi threat has gone, for which we must be grateful. But in Britain, one of the continent's medium-sized component parts, we have not begun to comprehend where we are going. The receding generation of "leaders" is leaving no road-maps. We have no Churchill, no Bevin to take a world-historical view of events. D-day was a bloody epic battle, led by giants. It will be commemorated by pygmies.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL.
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Energy bill merits support

From Mr Cynog Dafis MP.

Sir, If anything shows the total bankruptcy of the government it is its systematic attempt to sabotage the energy conservation bill on Friday by tabling 216 amendments and seven new clauses, thus ensuring that it will run out of time. This will prevent it from significantly mitigating the effect of 17.5 per cent domestic fuel VAT on the elderly and poor, and helping itself achieve CO_2 emission reduction targets by the year 2000. It will mean flying in the face of the views of the majority of MPs, including many Tories, and the huge consensus of organisations and local authorities supporting the bill.

Why should the government choose to shoot itself in the foot in this way? Is it suicidal, or is it so foolish as to fear that a proper programme of energy conservation would make more difficult the sale of its 40 per cent stake in Powergen and National Power? In fact, reduced demand would obviate the need for substantial investment in new generating capacity and thus enhance the profitability of those two companies.

Let us hope that Conservative backbenchers recognise the political as well as the environmental, economic and social benefits of the bill, and the severe corresponding costs of blocking its passage.

Cynog Dafis,
House of Commons,
London SW1A 0AA

CBI must flex muscles on pay

From Mr Mark Corney.

Sir, So, we have come to the moment of truth. Can the UK's flexible labour market maintain downward pressure on the rate of increase in average earnings when underlying inflation is low, output is growing and the demand for labour rising?

The upward revision of January's figure for average earnings to 3.5 per cent and news of a similar level for the 12 months to February ("Wages data spark fears", April 21) caused the Confederation of British Industry to state the obvious – "we need to keep a firm hold on pay". But the CBI must ask itself one simple question: are individual firms strong enough – *by themselves in the context of a flexible labour market* – to keep increases in average earnings at internationally competitive levels?

Although the recession has led to widespread dispersion in pay settlements, the current data suggest that it will not be long before sustained recovery feeds into a "going rate" for pay. Fifteen years of labour market flexibility have not destroyed the "going rate": nor will another 15.

In fact, the time has come for the CBI – and the very largest companies in this country – to flex their muscles and co-ordinate their pay settlements. In so doing, they can maintain their own international competitiveness during the recovery, and the international competitiveness of the UK economy as a whole, as well.

Mark Corney,
director, MC Consultancy,
Osborne House,
3-5 Portland Road,
Hythe, Kent CT21 6EG

'Crazy' comparison with Manchester's debt

From Mr Graham Stringer.

Sir, In its pre-election desperation, the government is playing a new financial fiddle. So it is important for voters to recognise the tune.

Government spokespeople, and their supporters in the popular national newspapers, have been declaring that such cities as Birmingham and Manchester have debts greater than some developing countries, the inference being that we have run up irresponsible "bar bills" and must be called to account.

What a crazy comparison to make, even for a government with an all-time record for financial incompetence. Many developing countries would love to have the assets of Britain's big cities and to be able to afford to invest in themselves.

We are able to invest in our great cities because we create assets more valuable than the sums we pay for them and because we can afford to pay our debts – although this government, which seems to be trying to convert our cities into third-world economies, is making our task harder by forcing us to pay off debts in segments of one twenty-fifth instead of spreading them over the usual 60 years.

The financial facts are that Manchester has a £1.28bn debt, but that this represents borrowing stretching back 60 years and essential to such functions as housing and education. Almost 64 per cent of our debt relates to the construction of nearly 90,000 homes to meet the demands of slum clearance and of home refurbishment work, while much of the remainder relates to Manchester Airport (we borrow on its behalf).

This puts us in the same position as people who take out mortgages on property in the knowledge that they will gain something of value both during and after the loan period, which is sound investment theory. Manchester's gain has been housing stock which must be worth more than £4bn. Add the value of a large slice of Europe's fastest-growing airport, 18 secondary schools, 101 primary schools, parks, leisure centres, libraries and much other council-owned property and our debt fades into perspective.

In the past, all governments have approved and praised our spending as vital to local welfare and progress. This wild attempt to switch it into the debit column comes ill from a government which this year alone will borrow £50bn, not to build assets for the nation but simply to pay off the deficit caused by its mismanagement of the economy.

Graham Stringer,
leader of the council,
Town Hall, Manchester

Much safer in Channel

From Lord Mackay of Ardbrecknish.

Sir, Mr Kevin Shilleto (Letters, April 19) is concerned about shipping traffic control in the Channel and the risk of collision. The Channel Navigation Information Service (CNIS) is based at Dover and was introduced in 1972 and provides a 24-hour radar watch and radio safety service for all shipping in the Dover Strait and adjacent waters. Navigational safety information is provided to all safety agencies, both in the UK and on the Continent, on a reciprocal basis.

The CNIS is operated by HM Coastguard to help ensure the safety of navigation in the busiest part of the Channel. Coverage extends some 110 nautical miles from the Greenwich Meridian through the Dover Strait in a north-easterly direction.

Regular broadcasts give warnings of navigational difficulties, including defective navigational aids and the presence of hampered vessels and reports on unfavourable weather conditions, adverse visibility or exceptional tides. Ships using the ship movement reporting scheme (MAREP) are tracked as well as those contravening the International Collision Regulations. Their position, course and speed are broadcast to all ships in the immediate area. Offenders are identified by using Coastguard aerial patrols or other ships, and follow-up action is taken by the Marine Safety Agency through respective flag states and shipowners.

In the last two decades, shipping in the Channel has become safer; the average number of annual collisions has fallen from 30 to fewer than five, despite more traffic.

Mackay of Ardbrecknish,
minister for aviation and shipping,
Department of Transport,
2 Marsham Street,
London SW1P 3EB

On song

From Mr Dennis Marks.

Sir, I am pleased to say that if Mr Peter Sachs (Letters, April 20) looks once again at your report on the new initiatives from English National Opera he will see that between the end of last season and this April the 56 per cent attendance figure rose to 62 per cent. This is an early sign that our policy of replenishing the core repertory of the company is beginning to come across to our audiences.

In particular, the packed houses for La Bohème, Lohengrin, Rosenkavalier and The Pearl Fishers in the current season seem to indicate that, for most of our new productions, we are gaining the support we need to ensure the future of the company.

Dennis Marks,
general director,
English National Opera,
London Coliseum,
St Martin's Lane,
London WC2N 4ES

An enviable success

From Ms Alice Coleman and others.

Sir, Re Observer's "Bubbles" story (April 21), we expect more of the Financial Times.

Is this another example of the British press knocking success? Most men would give anything to achieve the success of the Veuve Cliquot Business Women of the Year.

Signed by the past winners present at this year's Claridge's luncheon to celebrate the 21st Business Women of the Year.

Alice Coleman; Ann Burdus; Gisela Burg; Verity Lambert; Debbie Moore; Jenifer Rosenberg; Mair Barns; Phyllis Cunningham; Patsy Bloom,
Claridge's,
Brook Street,
London W1

FINANCIAL TIMES

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Friday April 22 1994

Lloyds' capital deployed

The idea that banks might have too much capital for their own good or for the good of the banking system appears entirely counter-intuitive. Capital is, after all, the banks' ultimate cushion against loss. Yet banking history is littered with cases where excess capital has had a corrosive effect on prudential discipline and encouraged managers to over-expand loan books or engage in injudicious takeovers. The banking authorities have thus had good reason to worry about the growing possibility that the UK clearing banks might become over-capitalised. And they can probably take comfort from the fact that Lloyds, the most prolific generator of retained profits, has found a way of disposing of capital that does not appear to pose any obvious systemic threat.

One of the Bank of England's concerns has been that clearing banks have been slow to drop their hurdle rates of return in a period of relatively low inflation. High nominal returns against a disinflationary background can only be achieved by taking exceptional risks, assuming that the banks are already exploiting existing profit opportunities in the less competitive areas of their business to the full. Cheltenham & Gloucester's return on equity last year was around 16¼ per cent. With Lloyds paying 2.1 times book value for the society, that return will shrink to a little over 8 per cent.

Goodwill element

This is a long way short of the target rates of return Lloyds was widely assumed to be looking for. And while the return will be enhanced by a further year's earnings by the time Lloyds comes to lay out the money in the second quarter of 1995 if the deal goes ahead, the regulators can feel that the balance of risk and reward looks sensible. The £936m goodwill element of the £1.8bn purchase price looks high, at first sight, in relation to Lloyds shareholders' funds of £3.1bn. But it will probably more than halve on the basis of current year retained earnings alone. Compared with most other potential investments available to a clearing bank, the acquisition looks good from both Lloyds' and the authorities' points of view.

Whether it is an appropriate way to dispose of assets held in mutual ownership is more controversial. A reduction in building society numbers through takeovers by outsiders is unobjectionable. With a 68 per cent home ownership rate in Britain, the building society movement's mission is substantially fulfilled. Nor will there be any great change in the shape of Britain's high streets. The two parties to the deal have largely complementary operations; and since Cheltenham & Gloucester's cost-income ratio is little more than half the industry average, the scope for rationalisation is unlikely to be very great. Yet the price being offered to building society members – a price earnings multiple substantially below Abbey National's current rating – looks far lower than could have been achieved for a comparable transaction in an open capital market.

Arbitrage opportunity

In effect Lloyds is exploiting an arbitrage opportunity between different forms of ownership. The minimal accountability that goes with mutuality entrenches the position of management, at the expense of the owner. The cost to the owners is the shortfall of the bank's offer against what the society would fetch if it operated in a proper market for corporate control.

Yet it seems a little unlikely that society investors and borrowers, who have been pleasantly surprised to be promised an average of £1,700 and £500 respectively, will make a big fuss about exit price earnings ratios – though it is worth noting that Cheltenham & Gloucester is noted for having courted financially sophisticated customers.

There is little reason to worry about a takeover on competition grounds. The resulting joint share of the mortgage market, at 7 per cent, scarcely looks worrying. Yet the fact that a society has had to contemplate changing ownership to obtain a lower cost of funds should give the Treasury pause for thought in its current review of building society legislation. Easier access to wholesale funds and a less cumbersome process for outside takeovers for buildings societies looks desirable in an increasingly integrated financial services market.

The good news from the IMF

It would be foolish to judge the International Monetary Fund's World Economic Outlook by its forecasts, which are virtually bound to be wrong. A sensible reader would ignore the soothsaying and listen to the IMF's story, instead.

Certain features of the IMF's recent forecasting record have, in fact, not been at all bad. A year ago it thought world output would expand by 2.2 per cent in 1993; in the event, it expanded by 2.3 per cent. But this excellent forecast did, as might be expected, reflect offsetting errors. While world output may grow at 3 per cent in 1994 and 3.7 per cent in 1995, as the IMF foretells, there will almost certainly be a larger dispersion among individual performances than it suggests.

A central element in its story is the end of the recession of the early 1990s in industrial countries. The economies of the US, UK and Canada are all growing strongly. Those of Japan, German, Italy and France are bottoming out. The IMF argues that further reductions in short-term interest rates would help support recovery in Japan and the European continent "without jeopardising reasonable price stability". It also believes that interest rates are likely to fall in Europe. It is right on the first point and deserves to be proved right on the second.

Encouragingly, inflation in industrial countries is at "levels not seen for almost three decades". The Uruguay Round has been completed, so setting the stage for further integration of the world economy via expanded world trade. In addition, there have been significant efforts at fiscal consolidation in a number of industrial countries. As a result, says the IMF, "structural budget positions are projected to improve during the next few years". Such efforts were sorely needed, given the earlier deteriorations in the fiscal positions of the US, Germany, France and the UK, and the dire position in Italy.

Asian growth

Further afield, the feature of the world economy that stands out is the dynamic economic growth of Asian developing countries. Both in 1992 and 1993 the region's economic growth was over 8 per cent, led by the 13 per cent achieved by China in both years. This growth has become self-sustaining. Short of a depression or fierce protection, what happens in the industrial countries no longer determines the fate of many developing countries. One reason for this is the increase in the proportion of exports from developing countries going to one another, up from 30 per cent in the early 1980s to almost 40 per cent today.

African decline

Between 1984 and 1993, those developing countries whose incomes per head grew faster than the average for industrial countries achieved growth of income per head of no less than 5.7 per cent a year. These countries, which included China and India, possess 68 per cent of the population of developing countries.

Needless to say, the IMF would not be the IMF and the world would not be the world if there was no reason to worry. About 16.5 per cent of the population of developing countries lived in countries, many of them African, which suffered average annual declines in income per head of 1.2 per cent between 1984 and 1993. Again, a few former communist countries in transition are beginning to pull their economies round, but almost all the members of the former Soviet Union have chosen neither shock reform, nor gradual reform, but no reform at all, with predictably dire results.

Back in the industrial countries, European structural unemployment is frighteningly high, while effective policy to reduce it is hardly on the horizon. Yet what is needed is quite obvious, as two telling statistics show. The youth unemployment rate in France is 22 per cent. In Germany it is 4 per cent. France has high minimum wages for young workers and underdeveloped training programmes, while Germany has no minimum wage for young workers and an extensive apprenticeship system.

Things never go well everywhere. But what has been going right should at least make it easier to deal with what has been going wrong. Policy-makers cannot be complacent. But some deserve credit for the things that have been going right.

Kevin Done examines the restructuring which underpins Ford's ambitions to become a global car company

Tomorrow, the world

Ford, the world's second-largest vehicle maker, yesterday threw down the gauntlet to its rivals in the auto industry.

For the first time in its history it is seeking to become a global corporation, breaking down the national and regional barriers that have blocked its drive to create common vehicles for the world market.

"This a worldwide business that requires the broadest thinking and execution," Mr Alex Trotman, Ford chairman and chief executive, said yesterday.

In a bold move aimed at freeing it from the shackles of its corporate history, Ford is planning to move to a single set of processes and systems throughout its product development, manufacturing, supply and sales activities.

If it succeeds, Ford will set new benchmarks that will be hard to match by most of its competitors.

All the world's carmakers face the same challenge of trying to increase the efficiency of their enormous investment programmes, while at the same time producing a greater diversity of products.

They must increase the speed at which they can bring products to the market while jumping into emerging markets, be it for multi-purpose vehicles, sport-utility vehicles or micro cars. They must squeeze their massive materials purchasing bills by moving to global sourcing for parts and systems.

What they can no longer afford in a world of overcapacity and shrinking margins is the luxury of duplication. It is too wasteful, for instance, to develop an Escort-sized car for Europe, and in parallel to develop a similar but yet entirely different vehicle for North America.

With its deeply entrenched traditions of independent regional fiefdoms that is exactly what Ford has been doing, but now it is calling a halt.

Ford's problem – and one that it has in common with General Motors, its arch domestic rival and the world's biggest vehicle maker – is that it carries a much heavier burden from its history than its more agile Japanese rivals.

The big Japanese players Toyota, Nissan and Honda have only been moving into world markets in a significant way in the past 20 years. With the benefits of modern communications, their organisations have been more streamlined. Essentially the same car has been sold in all markets around the world. A Toyota Corolla is little different whether it is sold in North America, Europe or Japan. In its main features it is designed and engineered only once, even though it is assembled in four continents.

By contrast, Ford of Europe and General Motors Europe have developed as fully-fledged independent vehicle makers. For many years most of their products have been designed, developed and engineered solely for the European market, perhaps with some exports to the rest of the world. They have duplicated rather than complemented their parent organisations in North America.

In its corporate revolution Ford plans to create Ford Automotive Operations, which will effectively merge its European and North American operations as well as its automotive components group into a single operating unit.

In place of its largely independent regional companies, Ford is reorganising itself along global product lines through five vehicle programme centres (VPCs), four in North America and one in Europe.

The European VPC, with its research and engineering centres split as now between the UK and Germany, is to become responsible for small and medium frontwheel drive cars. This will be a worldwide responsibility and will include the manufacturing plants around the world building such vehicles, whether in the US, Mexico or Europe.

It will cover the development of Fiesta, Escort and Mondeo-sized cars in Europe and in North America.

Headquartered in the US at Ford's research and engineering centre in Dearborn, near Detroit, Michigan, will be the other four vehicle programme centres:

- for large frontwheel drive cars, such as the Ford Taurus,
- for rearwheel drive cars such as the Ford Crown Victoria, but ultimately, too, the Jaguar range, though Jaguar will maintain resources in the UK,
- for personal use trucks, such as the Ford Windstar multi-purpose vehicle, and
- for commercial trucks. This VPC in North America, for example, would take over responsibility for the development of the highly successful Ford Transit van from Europe.

"By integrating all our automotive processes and eliminating duplication of effort, we will use our creative and technical resources most effectively," said Mr Trotman yesterday.

He claimed that Ford's new way of doing business would provide customers with a broader array of vehicles in most markets and would assure that the group was fully competitive in quality and value against the best in the world.

At the same time the simplification of engineering, purchasing and other processes would "substantially reduce the cost of operating the automotive business". Ford estimated the potential cost-saving from the reorganisation of at least \$2bn-\$3bn a year by the end of the decade.

The group has been feeling its way for more than a decade towards ways of increasing the global punch of its organisation. Its top management has long been tantalised by the holy grail of the so-called world car, and by the savings that should be achieved by developing a product once for both manufacture and sale in different continents.

It tried in the late 1970s with a common programme for Ford Escorts in Europe and in North America, but the cars launched at the beginning of the 1980s ended up with little more in common than the name and the blue FORD oval badge on the bonnet.

Ford has come closer in the past few years with the Mondeo world car programme, a \$6bn attempt to develop a largely common car to replace both the Sierra in Europe and the Ford Tempo/Mercury Topaz in North America.

This car, launched in Europe early last year and this year in North America, is the biggest roll of the dice in Ford's history in terms of the financial resources it has consumed. The six-year Mondeo programme was the most ambitious and costly programme undertaken by the US vehicle maker.

Ford had to reform its engineering and manufacturing infrastructure in America and Europe to break down entrenched barriers between the two in order to develop in Europe a mainstream car acceptable in both markets. The Mondeo/Ford Contour/Mercury Mystique is being assembled at Ford's Genk plant in Belgium, at Kansas City in the US, and in Mexico.

The same family of four-cylinder engines is being made at plants in Bridgend in the UK and at Cologne in Germany for Europe, and at Chihuahua in Mexico for North America. A top-of-the-range aluminium V6 engine is being made at Cleveland, Ohio, for both the US and European-produced cars.

Manual transmissions are being made in Europe at Halewood, Merseyside, in the UK, and at Cologne, while an electronically controlled, four-speed automatic gearbox is being made in the US. After a global search, common component producers have been chosen to supply both the European and North American assembly plants.

Mondeo was the one-off programme that began to show the way forward for Ford. Now the lessons are to be institutionalised throughout its organisation.

Product development in North America and Europe will become fully integrated with the five vehicle programme centres. They will have specific worldwide responsibilities and will report to one product development executive.

Supporting the changes in the product development process, Ford's manufacturing, purchasing and marketing and sales operations will each become integrated worldwide. An automotive strategy office will co-ordinate strategic planning.

These are huge steps and will take several years to complete, but they are still only the first steps. Looming on the Ford agenda are the issues of how it should integrate Mazda into this new organisation, its loss-making 25 per cent-owned affiliate in Japan. And how it should tackle the integration of its Latin America operations, where the group owns 49 per cent of Autolatina, with Volkswagen of Germany controlling 51 per cent.

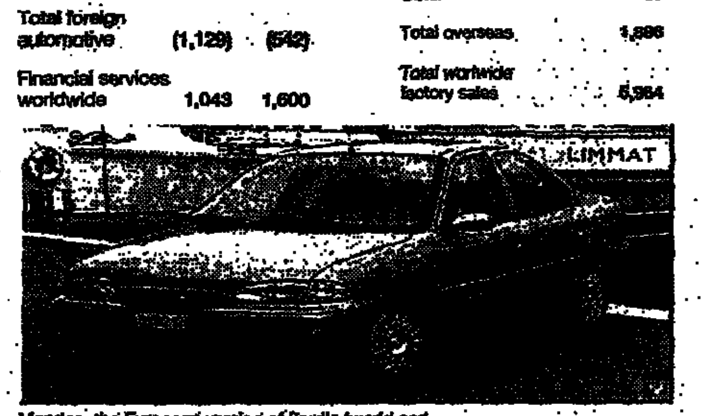
In both cases it must take into account the sensitivities of its partners, and they must wait for tomorrow. The merger of Ford Europe and North America is more than enough for today.

Automotive profit (loss)

by region \$m	1992	1993
Canada	(200)	(91)
US	(400)	1,500
Europe excl Jaguar	(647)	(407)
Europe incl Jaguar	(1,288)	(960)
Latin America	211	459
Asia Pacific and other	148	50
Total foreign automotive	(1,129)	(542)
Financial services worldwide	1,043	1,600

Factory sales

worldwide '000 units	1993
Cars US	1,950
Cars Canada	126
Total cars	2,077
Trucks US	1,876
Trucks Canada	126
Total trucks	2,002
Total US & Canada	4,078
Germany	831
UK	422
Spain	211
Taiwan	114
Mexico	91
Australia	127
Japan	53
Other	37
Total overseas	1,886
Total worldwide factory sales	5,964



Mondeo, the European version of Ford's 'world car'

Dark horse sets the pace

John Griffiths on Alex Trotman, Ford chairman

It is less than six months since Mr Alex Trotman, an Englishman originally from Middlesex but raised in Scotland, became the first chairman of the world's second-largest carmaker to be born outside the US.

As of yesterday, Mr Trotman, who will be 61 in July, will be remembered in the US for much more than his origins.

He has set Ford on the road towards a radically new future faster than the latest Mustang which young Americans are falling over themselves to buy – and to whom Mr Trotman has become something of a hero for saving the Mustang from the chopping block of Ford's product planners.

The imagery is apt. In terms of Ford's hierarchy, Mr Trotman himself might be described as the dark horse who became the favourite with almost bewildering speed.

He surprised many in the European industry by becoming chairman of Ford of Europe in the mid-1980s. His unassuming manner and faintly diffident air – contrasting oddly with his clipped moustache and the outward appearance of a military man – gave few clues that he might be earmarked for the top.

His performance at the opening of the New York motor show two weeks ago might have made him an almost unrecognisable figure to former European colleagues – poking fun at his own expense about past "boring" speeches and handling the ranks of hard-bitten US media men like a music-hall professional.

But Mr Trotman has earned his success the hard way in his 38 years with Ford. He started as a 'progress chaser' – expediting supplies – in the purchasing department at its Dagenham plant. He worked his way through jobs which other potential candidates for the top post – the urbane Mr Allan Gilmour, a vice-chairman who had spent most of his career in finance, for instance – might have found unenviable.

"My three years in purchasing was a boot camp," Mr Trotman recalls. "But I can think of no better place to learn the auto business. It was immediate and challenging and one of the toughest jobs I ever had. Often I'd wind up driving all night, with my old car filled with a thousand parts to get to the plant in time for start-up."

He joined Ford of Britain's newly-created product planning group in 1959 at a time when "most thought of product planning as a place where guys sat around sipping tea and reading magazines".

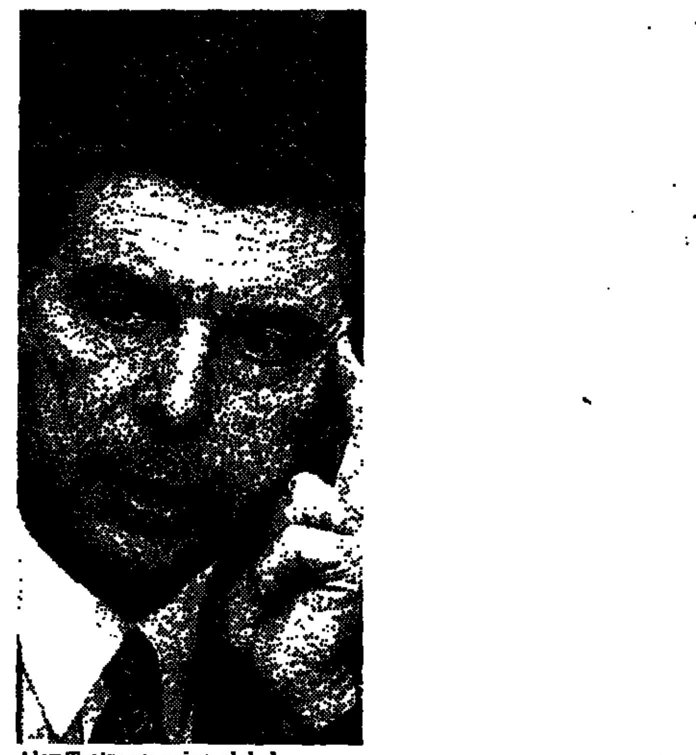
However, it was the first step down a career path which has led inexorably to the the restructuring plan announced yesterday, which has new product programmes and their costs and organisation at its very core. Almost certainly, his product planning experience was the crucial factor in Mr Trotman pipping Mr Gilmour to the chairman's post.

He became chief product analyst on project 'Archbishop' – to become the Cortina when it arrived in showrooms. The kudos accruing to Mr Trotman from one of Europe's most successful saloon cars subsequently carried him into the product planning chief's role for Ford of Europe.

Since then he has become the only Ford executive to have run all three of its geographical sectors of operation – Asia-Pacific (in 1983-84), Europe (in 1984-89), and North America, where he was head of US operations before leap-frogging into the chairmanship.

Most colleagues admire his no-nonsense approach to the business, although his scrapping of executive privileges, such as separate dining rooms, at first rankled with a few.

Mr Trotman is happy to meet critics head on. "I don't mind punch-ups," he maintains, "as long as they're out in the open. I won't tolerate cliques or intrigues."



Alex Trotman: going global

OBSERVER

A man of the people

■ Popular he may be. But Brian Lara – the West Indies' record-breaking cricketer – might not be the favourite pin-up of trade unions in his home land.

The reason is simple. Lara returns to Trinidad and Tobago today, a moment in the calendar which the country's perennially truculent trade unions had designated – along with three successive days – as "days of resistance". They called the general strike in protest at government plans to sack hundreds of workers from state-owned enterprises. But in a stroke to delight the hearts of Machiavellians everywhere, the government has now determined that today shall be nationally recognised as a "day of achievement".

Cresting the Lara-mania tidal wave now engulfing the country's 1.2m people, the government has clean-bowled the unions; schools are closed for half-day holidays and various civic jamborees are planned. How can you stage a strike when no one would have been working anyway?

Sabres out

■ Sir Percy Cradock, the foreign affairs adviser to two prime ministers who now spends his days advising merchant bankers Kleinwort Benson, has a nice line in one-liners. He particularly relishes exercising the talent at the expense of Chris Patten, Hong Kong's governor.

In pursuing confrontation with China over Hong Kong's political development, Patten has "taken Hong Kong over the edge", while the Legislative Council has embarked on a "legislative Charge of the Light Brigade", in approving Patten's plans.

When asked if the legislature might not have the right at least to give democracy a try, Cradock intoned: "You assert the universal right of legislatures to commit suicide . . . an interesting proposition."

Age concern

■ Lloyds Bank's bid for the Cheltenham & Gloucester Building Society is very neat. Lloyds Bank chief executive Brian Pitman, perhaps the ablest clearing banker of his generation, started out in the C&G's mortgage accounts department and has now capped his career by agreeing to take over his old firm.

If Pitman had stuck with the C&G, he might have made an even bigger success of it than did Andrew Longhurst. Listening to them both yesterday, they sounded remarkably similar animals. Indeed, there must be a suspicion that one of the reasons for the deal was to line up a successor to Brian Pitman, who at 62 is well past normal retirement.

Since Michael Hepher, Lloyds Abbey Life's 50-year-old whizz-kid, defected to British Telecom two and a half years ago, there has been no obvious successor to Pitman. But Longhurst will be nearly 56 by the time the deal is done – which makes him a bit long in the tooth. Even so, he's an ambitious sort and it's hard to see him drifting into retirement contentedly running a clearing bank subsidiary.

Pitman has proved that the over-60s can still run rings round the 40-somethings now running Barclays and NatWest. While they are busily reorganising their management structures, Lloyds has been doing the deals that count. Yesterday's announcement is unlikely to be Pitman's last move – or Longhurst's for that matter.

'Couldn't we book Barbra Streisand?'

Ex-PM for hire

■ How far is ex-Australian premier Bob Hawke prepared to go in his bid to supplement his parliamentary pension? Quite a long way it seems, if recent comments by Conrad Black, the Canadian newspaper magnate, are to be believed.

Black yesterday told an Australian senate committee hearing into foreign ownership of Australia's print media that Hawke had offered to act as his organisation's "eyes and ears" in Canberra in return for a \$50,000 fee. The offer was turned down because "we didn't think that he was the best person to tell us what Mr Keating was thinking", said Black, in an apparent reference to the bitter Labour party leadership battle between the two. So much for Hawke's chances of getting a seat with the rest of the great and the good on the Daily Telegraph board.

Fat tome

■ Kenneth Clarke, Britain's chancellor, is somewhat selective about his counter-inflation policy.

Take his current finance bill. The original version, printed before the line-by-line committee stage, ran to 417 pages and cost £27.30. The version which finally cleared the Commons on Wednesday night – at 452 pages – costs £29.45. When the changes made by MPs during the report stage are taken into account, the version sent to the House of Lords for formal approval on April 29 may be even pricier. Not many jokes in it, either.

Lock-up

■ Life gets tough for Johannesburg's pistol-packing, figure-conscious yuppies. "We have no facilities for secure storage of firearms," warns a notice in a popular gymnasium in the northern suburbs.

Counted out

■ In the week the Central Statistical Office was promising better standards of service as a result of its new "programme strategy", it was inadvertently demonstrating where the scope for improvement might lie.

Wednesday's public sector borrowing requirement figures had to be corrected because someone couldn't do their sums when comparing the actual out-turn with last year's forecasts. Never mind; the numbers were only £100m adrift.

FINANCIAL TIMES
Friday April 22 1994

Japanese accord opens way for Hata as PM

By William Dawkins in Tokyo and Agencies

Japan's fractious coalition parties last night reached a compromise over a joint policy platform aimed at preventing a break-up of the government and opening the way for them to nominate foreign minister Tsutomu Hata as prime minister.

Coalition leaders said Mr Hata would be proposed at a meeting today as their candidate for the premiership being vacated by Mr Morihiro Hosokawa. Mr Hosokawa announced his resignation two weeks ago over allegations of financial impropriety. A parliamentary vote is now likely next week.

The Social Democratic party, the largest member of the ruling coalition, had threatened to leave the government because it could not accept binding commitments to increase consumption tax and to prepare for possible economic sanctions against North Korea. The threat was later withdrawn.

A rise in sales tax is seen as essential by the powerful finance ministry to compensate for a decline in income tax revenue as the proportion of retired people increases sharply over the next decade. Agreement on this would enable the government to produce a permanent cut in income tax, as sought by the US to increase demand for imports.

Coalition partners were also seeking ways to allow Japan to take part in potential United Nations sanctions against North Korea without offending the socialists' literal interpretation of Japan's pacifist constitution.

Discussion turned on whether or not Japan should consult China before considering sanctions. The socialists have demanded this in an attempt to avoid Tokyo being drawn into any sanctions demanded by the US outside the aegis of the UN.

According to the state television network NHK, the parties agreed that any new tax should "have the understanding of the people" and, on North Korea, that Japan should consult as needed with other Asian countries.

Mr Hata's Japan Renewal party is seeking an accord on basic policies before the new government takes office, an attempt to avoid the chaos of the previous administration.

Mr Ichiro Ozawa, joint leader of the JRP and the government's backroom strategist, has pushed hard for a clear set of common policies, giving the public a rare taste of public debate on national issues. He is also believed to be keen to split the far left away from the SDP and attract more defectors to the coalition from the opposition Liberal Democratic party.

US aims to stop Bosnia war spreading

By Laura Silber in Belgrade

The US yesterday proclaimed its "strategic interest" in containing the Bosnian war as a fresh attack on the hospital in the enclave of Gorazde killed about 20 people.

Mr Warren Christopher, the US secretary of state, told Congress that the US wanted to stop conflict from reigniting in Croatia or starting in the former Yugoslav republic of Macedonia.

"We have a strategic interest in preventing that war from spreading," he told Congress, voicing confidence that European allies would back the idea of escalating air strikes when they confer in Brussels. In the past, US officials have expressed conflicting views on whether their country's vital interests are at stake in the Bosnian conflict.

For the second day running, Serb shells crashed into a makeshift hospital building. A local team for Médecins Sans Frontières put the death toll at 20, including some local doctors. Mr Haris Silajdzic, Bosnian prime minister, said the town's Moslem defenders faced Serb demands that they abandon their remaining pockets of resistance on the right bank of the town, where the hospital is located. But local radio stations said the defenders would not surrender.

UN officials yesterday feared for 13 United Nations and humanitarian workers trapped in Gorazde. "They are unarmed civilians there on behalf of the international community," said Miss Lyndall Sachs, of the UN High Commissioner for Refugees.

Angry Serb women blocked a convoy of 100 UN soldiers and 40 medical personnel which yesterday left Sarajevo for Gorazde, where 450 people have been killed and 1,500 injured since last month when Serb forces began their assault.

Serb forces yesterday issued an ultimatum to the remaining Moslem defenders on the east bank of the River Drina and continued to fire on the other side, where about 60,000 people, most of whom are refugees, are trying to seek shelter from the Serb attacks. Mr Radovan Karadzic, Bosnian Serb leader, yesterday reiterated claims that Gorazde was mostly Serb even though 70 per cent of the pre-war population was Moslem.

Air strikes dilemma, Page 2

Ford

Continued from Page 1

operational on January 1, but there would be "a continuing integration over the next few years".

Ford's Europe-based engineering operation has been assigned responsibility for small and medium-sized front-wheel drive cars in the size of the Fiesta, Escort and Mondeo models together with any future derivatives, such as a smaller minicar.

Headquartered in the US will be the other four vehicle programme centres responsible worldwide for large front-wheel drive cars, rear-wheel drive cars including Jaguar, personal use trucks and commercial trucks. Jaguar's Coventry development centre would be unaffected in the "short to medium term". Jaguar and Aston Martin would remain corporate entities.

Mr Trotman refused to be drawn on potential job losses, except to acknowledge that there would almost certainly be cuts in Ford's central support staffs.

Mr Ed Hagenlocker, who has been heading North American automotive operations, becomes president of Ford Automotive Operations (FAO), reporting directly to Mr Trotman.

Australian Mr Jacques Nasser, chairman of Ford of Europe for the past 16 months, becomes FAO's group vice president for product development.

Silk shirt shortage fear after EC curb

By Jenny Luesby in London

British and German retailers are protesting against the European Commission's setting of harsh import restrictions on Chinese silk, which they say will lead to a silk shirt shortage in Europe.

Clothing retailers claim the limits, introduced last month, have left them with millions of dollars' worth of silk clothing sitting in Asian ports, paid for, but now unlikely to be delivered.

Until last month there were few limits on silk clothing imports into the UK and Germany, and the market was booming. The silk shirt, once an expensive specialist purchase, was on the racks of all the big clothing chains thanks to cheaper imports from China.

However, the introduction of a Europe-wide system of quotas on Chinese imports not covered by bilateral trade arrangements, brought with it a silk quota of 20,000 tonnes that British importers, alone, have already filled for the year.

Trade officials at the Chinese embassy in London protested yesterday that the quota was introduced without consultation. The low ceilings were set as Brussels began preparations for wide-ranging market-opening negotiations with Beijing.

Many British retailers have ordered shirts on which irrevocable letters of credit were issued.

"It is not just that these items were paid for and now can't be got into the country, but the level of the quotas is so low that it represents a scandalous interruption to the flow of trade," Mr Hugh Clark, director of trading policy at the British Retail Consortium, said yesterday.

The UK Department Of Trade and Industry yesterday confirmed that licences issued for Chinese silk imports into the UK had reached the limit for all Europe. In 1992, European imports were 12,000 tonnes, according to the Commission, but UK retailers dispute the Commission's figures.

"We will be OK for about two months, but then that's it," said TEL Europe, silk supplier to the Burton Group and BhS, among others. "There will certainly be no silk shirts for the pre-Christmas shopper."

Brussels is adamant that not only will it not alter this year's quotas, but that the quotas will stand, subject to negotiations with China.

THE LEX COLUMN

Pitman's long hand

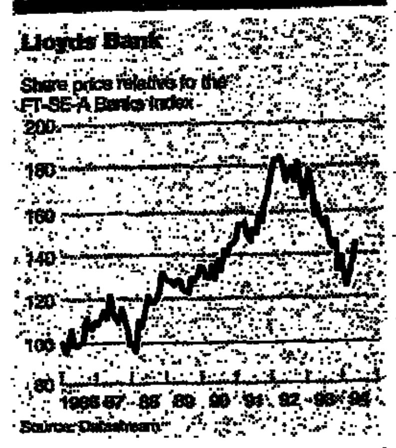
Suddenly the anxiety melted away. Lloyds Bank has not only found a sensible home for its surplus capital; it is buying a building society which is a sound strategic fit and offers the prospect of organic growth, so conspicuously lacking in recent years. As an added bonus, the field of candidates to succeed Mr Brian Pitman on his eventual retirement has been strengthened with the arrival of Mr Andrew Longhurst, Cheltenham & Gloucester's chief executive. Small wonder Lloyds' shares rose 9 per cent on the day.

Since C&G is willing to be bought, Lloyds is spared the need to pay a heavy bid premium. Moreover C&G's mutual structure makes its market value difficult to ascertain. Lloyds has to offer enough to convince its members to vote in favour of the deal. It has been splashing its money around in a way that must seem impressive to individual savers. It appears to have struck a good deal just the same.

The historic multiple of 13.6 which Lloyds is paying is hardly expensive when set against that of 15 on which Abbey National trades, even though C&G's narrower focus makes it more exposed to mortgage margin pressure than Abbey. By the time C&G's future retained earnings are factored in, Lloyds will be paying well under twice book value for an acquisition that should immediately enhance earnings.

The combination of C&G's low processing costs with cheap funding from Lloyds promises to create a formidable force in the mortgage market. The chances are that this will speed up the process of rationalisation of the building society sector. But that may not make life easier for banks like Abbey National and TSB which have been wondering about wading in. C&G wanted to be bought, its management is being allowed to retain control of the business and no branch closures are planned. Such a fortunate combination of circumstances is rare and hostile bids for building societies remain as difficult as ever.

FT-SE Index: 3101.2 (+2.9)



Ford Motor

It has not taken long for British-born Mr Alex Trotman to make his mark as Ford's chairman. Mr Trotman, who ran each of Ford's Asia-Pacific, European and North American operations in succession before assuming his current role at the start of the year, is now sweeping those regional baronies away. The geographical structure made sense when long-distance communication was hard but is a hindrance in today's global village. Developing different models for different regions is wasteful, while fuzzy lines of authority make co-operation cumbersome.

The reorganisation on product lines follows Ford's previous faltering attempts to create a global car. Plans in the early 1980s to create a single world Escort did not materialise because of squabbling between fiefdoms and, though Ford has managed to create a global car with the Mondeo, it cost $6bn and took six years. The new structure will allow the same to be done for Ford's whole range but more swiftly and at lower cost.

While the upheaval should put Ford in a better position to serve the global market than its main US rivals, it still has a fight on its hands. The anticipated annual $2bn-$3bn savings by 2000 are not huge when set alongside the group's near $100bn costs. Moreover, Ford lacks an effective strategy for the fast-growing Asia-Pacific region, where its market share is only 2 per cent. Japanese rivals such as Toyota, which have always produced one car for all markets, have a better global reach.

SmithKline Beecham

First quarter figures from SmithKline Beecham demonstrate why the pharmaceuticals sector has been so thoroughly de-rated. Earnings growth looks healthy enough, but underlying sales growth in pharmaceuticals slowed to only 1 per cent. There are special factors at work, such as healthcare reform in Italy. But such setbacks are becoming an increasingly regular feature of results in this sector. The expiry next month of the US patent protecting Tagamet, SB's ulcer treatment, is another reason for caution.

Having underperformed the equity market by 10 per cent since mid-March, SB's shares now stand on a multiple of around 11 times this year's forecast earnings, against a market average of 14 times. Such a rating is consistent with the valuations applied to Glaxo, Wellcome and US pharmaceutical stocks. Even on such lowly multiples, though, it is difficult to argue that the sector is cheap.

Profit margins are being eroded by competition from cheap generic drugs and the tough attitude of healthcare buyers, including governments. Until investors have a better idea of where margins might settle, the sector will remain vulnerable. At least SB is taking its medicine early. By this time next year the impact on margins of Tagamet's patent expiry should be easier to judge. If SB can drive its new drugs forward in the meantime, it could be among the first to bounce.

UK economy

Monthly retail sales figures often shed more light on weather patterns than consumer spending trends. The CSO's figures showing a marked improvement in retail sales in March may well have been blown around a bit. The numbers were certainly in marked contrast with the earlier CBI distributive trades survey, which suggested consumers were running scared of looming tax rises. Yet any number of shopkeepers – including Etam yesterday – will testify to the unpredictability of demand.

The longer term trend in retail sales, though, is still strong. The CSO's annual value comparisons may be distorted by Easter being such a moveable feast. But the strong rise in the value of household goods sales over the past three months must be reflecting the pick up in housing transactions. The predicted rise in house prices may also tickle up consumer spending, especially in south east England.

Tax rises will progressively squeeze spending over the coming months although that may be offset by a fall in the savings ratio. Yet, if base rates rise next year then savings ratios may follow, dampening consumer demand. That may not worry the government unduly. Consumers have done their bit. Other sectors of the economy must take up the running.

European parliament

Continued from Page 1

given to Strasbourg by the Maastricht treaty.

The MEPs were set to overturn the member states' decision to ban motorcycle engines above 100 brake horsepower, but not enough of them attended the vote.

Senior officials yesterday played down the risk that parliament could be inquorate for May's enlargement vote.

"For a vote like this we have an entirely different way of operating: we pull out all the stops," insisted Mr Julian Priestley, secretary general of the 198-strong Socialist Group, Strasbourg's largest bloc.

"We will provide the majority of the majority" needed, he predicted.

Schneider offices raided

Continued from Page 1

the bulk of the banks' loans are secured against valuable properties, has now prompted accusations that their lax lending practices have led indirectly to heavy financial and job losses among contractors, architects and other Schneider group suppliers.

Ms Sabine Leutheusser-Schnarrenberger, the Bonn justice minister, yesterday appealed to the banks to try to limit the impact on smaller, unsecured creditors.

She was speaking after the Bundestag's approval of new insolvency laws based on the principle that helping bankrupt companies to survive should take precedence over liquidation.

The legislation is due to take effect in 1997, allowing time for the courts system to adapt.

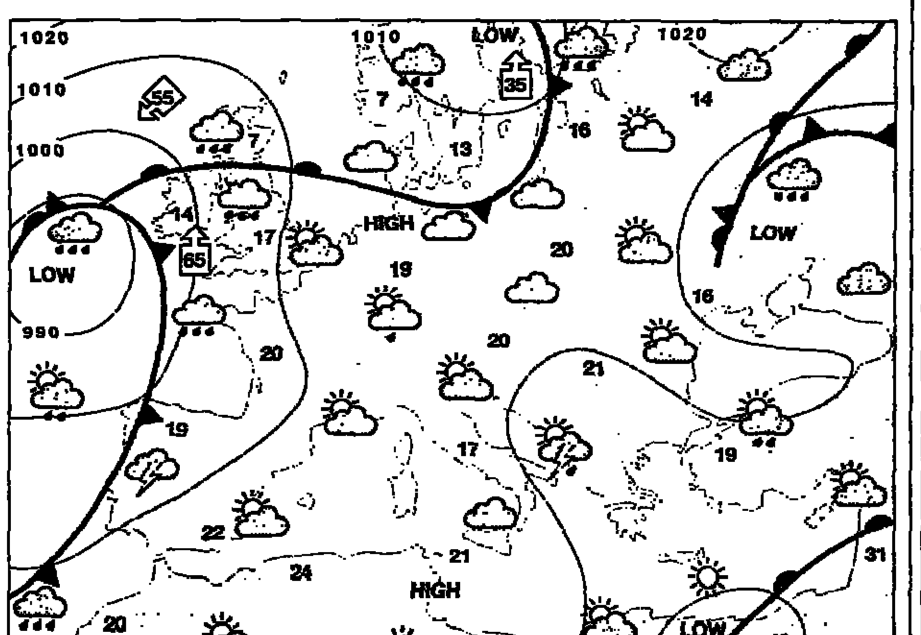
FT WEATHER GUIDE

Europe today

Heavy rain will affect western Spain, Scotland and Ireland. Eastern Spain will be dry and sunny. Northern Italy, France, the Benelux and Denmark will be settled with long sunny periods. After morning fog, sunshine in central Europe will give way to cloud and isolated thunder showers over southern Germany and Austria. North-east Europe will be mainly dry and partly overcast. Rain will spread into north-west Russia and regions north of the Black Sea. There will be snow in northern Scandinavia and across Finland. The south-east Mediterranean will lose some tropical warmth as showers spread over Greece, Turkey and the former Yugoslavia.

Five-day forecast

Saturday will be dry, fairly sunny and warm in most regions, except for rain in the Balkans and northern Scandinavia and afternoon showers along the Atlantic seaboard. From Sunday, above seasonal temperatures and considerable sunshine will gradually move into eastern Europe. On Sunday, showers, some with isolated thunder, will probably advance to Italy, Switzerland and the Benelux.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	fair	21	Caracas	fair	27	Edinburgh	rain	10	Madrid	shower	18	Rangoon	fair	34
	Celsius		Belfast	rain	13	Cardiff	fair	17	Faro	rain	18	Majorca	fair	21	Reykjavik	snow	1
Abu Dhabi	sun	33	Belgrade	shower	20	Casablanca	fair	20	Frankfurt	shower	22	Malta	fair	21	Rio	fair	24
Accra	cloudy	32	Berlin	fair	19	Chicago	sun	15	Geneva	fair	19	Manchester	cloudy	18	Rome	shower	17
Algiers	fair	24	Bermuda	fair	25	Cologne	shower	22	Gibraltar	fair	20	Manila	cloudy	34	S. Frsco	fair	17
Amsterdam	fair	19	Bogota	fair	20	D' Salaam	shower	27	Glasgow	rain	10	Melbourne	cloudy	18	Seoul	rain	25
Athens	thund	23	Bombay	sun	34	Dakar	sun	28	Hamburg	fair	17	Mexico City	cloudy	17	Singapore	cloudy	31
Atlanta	fair	28	Brussels	fair	20	Dallas	fair	27	Helsinki	cloudy	13	Miami	fair	30	Stockholm	fair	13
B. Aires	fair	16	Budapest	shower	20	Delhi	fair	33	Hong Kong	shower	28	Milan	shower	21	Strasbourg	fair	20
B.ham	fair	18	C.hagen	cloudy	12	Dubai	sun	33	Honolulu	shower	28	Montreal	shower	4	Sydney	fair	22
Bangkok	cloudy	36	Cairo	fair	40	Dublin	rain	13	Istanbul	thund	19	Moscow	fair	14	Tangier	shower	19
Barcelona	shower	19	Cape Town	fair	17	Dubrovnik	shower	19	Jersey	cloudy	9	Munich	shower	18	Tel Aviv	fair	35
									Karachi	fair	32	Nairobi	cloudy	25	Tokyo	fair	21
									Kuwait	sun	33	Naples	shower	19	Toronto	fair	10
									L. Angeles	sun	21	Nassau	fair	28	Vancouver	shower	15
									Las Palmas	fair	23	New York	sun	14	Venice	fair	20
									Lima	fair	28	Nice	shower	16	Vienna	shower	21
									Lisbon	shower	16	Nicosia	fair	23	Warsaw	fair	20
									London	fair	18	Oslo	fair	13	Washington	fair	18
									Lux.bourg	shower	20	Paris	fair	21	Wellington	cloudy	15
									Lyon	shower	21	Perth	fair	30	Winnipeg	fair	16
									Madeira	shower	20	Prague	shower	19	Zurich	shower	19

FINANCIAL TIMES
COMPANIES & MARKETS
Friday April 22 1994

IN BRIEF

Bavarian bank in Hungarian deal

Bayerische Landesbank, the Bavarian state bank, is on the verge of taking a 25 per cent stake in Magyar Kulkereskedelmi Bank (MKB), Hungary's state-owned foreign trade bank. The move will be the first western acquisition of an important Hungarian state-owned financial institution and one of the largest bank privatisations yet in eastern Europe. Page 18

Cariplo plans float
Cariplo, Italy's biggest savings bank, announced plans last night to float up to 22 per cent of its capital on the stock market, starting before the end of this year. The two-stage capital increase and flotation could raise a total of between L2,000bn ($1.2bn) and L3,000bn for the bank, which is owned by a public-sector charitable foundation.
INA, the Italian state insurance group, has picked a team of banks to manage its forthcoming privatisation. Page 22

The shock of privatisation
Shareholder meetings at Italy's state-controlled banks used to be brisk affairs. Privatisation seems to have changed all that. Page 18

Sears loses $97.7m
Sears, Roebuck suffered a first-quarter loss of $97.7m, or 27 cents a share, after claims related to California's earthquake shook the company's Allstate Insurance unit, which reported a loss of $275.2m for the first quarter. Page 20

Pressure eases at Volvo
For the first time in months, the pressure on Volvo's senior executives is off. Page 19

Japanese retailers hit
Japanese retailers have been hit by continuing weak consumer confidence exacerbated by a cold summer and falling corporate profits. Page 21

Albert Fisher in Danish expansion
Albert Fisher, the UK food processing and distribution group, has agreed to buy a Danish-based seafood company. Shares in the group fell by 6p to 57p after it announced a 1-for-6 rights issue at 52p per share to raise £51.2m. Page 25

SB falls in Europe
Strong growth in US drugs sales volume failed to offset declines in Europe during the first quarter of 1994 for SmithKline Beecham, the healthcare group. Page 24

Normality makes news at Mirror Group
Mirror Group Newspapers, the UK publisher, returned to normal yesterday. The name was changed and Sir Robert Clark, chairman, faced some slightly dotty questions. Just like any other company. Page 26

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Bankges Brk	392	+	8
Beiersdorf	935	+	26
Deutsche Bk	765.5	+	16.5
GEHE	574	+	13
Holzmann Ph	852	+	20
Falls			
Deutsche Bab	288	−	6

NEW YORK ($)

Rises			
Edde CP	41½	+	5⅜
Texas Inst	69	+	4¼
Wall Data	36¾	+	5
Falls			
Atlantic Sob	65	−	15
Cerner Corp	26¾	−	5
Piper Jaf	11⅛	−	2

New York prices at 12.30pm.

LONDON (Pence)

Rises			
Austin Reed	186½	+	22½
Babcock Intl	37	+	3¼
Betts Bros	170	+	7
Brit Dredging	148	+	8
Control Tech	482	+	24
Dorling Kind	298	+	16
Goode Durrant	184	+	18
Jacks (Wm)	58	+	12
Kenfield	104	+	12
Lloyds Abbey	405	+	21
Lloyds Bank	585	+	46
Low (Wm)	147	+	9
Nobo	244	+	13
Parkland	245	+	14
Trans World	193	+	8
Yorklyde	270	+	31
Falls			
Abbey National	446½	−	17½
Albert Fisher	57	−	6
Hambros	348	−	17
London Intl	104	−	10
MMD	85	−	6
Micro Focus	903	−	47
Telemetrix	103	−	23
Tie Rack	146	−	8

PARIS (FFr)

Rises			
Elf Aq Certs	360	+	15
Gaumont SocN	850	+	13
Falls			
Accor	703	−	22
Credit Nat	594	−	11
Euro RSCG	651	−	10
Intertech	642	−	12

TOKYO (Yen)

Rises			
Toyoda Autom	1810	+	80
Falls			
Alps Elec	1410	−	60
CSK	2980	−	140
Itoham Foods	813	−	29
Sakura Bank	1360	−	40
Tsubakim Chn	547	−	28

IBM profits ahead of forecasts

By Louise Kehoe in San Francisco

International Business Machines reported higher than expected first quarter earnings on slightly increased revenues as costs declined more rapidly than anticipated.

First quarter net earnings were $392m, or 64 cents per share, compared with a net loss of $399m, or 70 cents, in the first quarter of 1993. Revenues rose 2 per cent to $13.4bn.

IBM's shares were trading at $57¼ in mid-session yesterday, up from $52¼.

The first-quarter results represent IBM's second consecutive quarterly profit after three years of heavy losses. Revenues increased for the first time since the third quarter of 1992.

"Our first-quarter results were encouraging," said Mr Lou Gerstner, chairman and chief executive. "Revenues grew in all major regions of the world. Expenses declined significantly. However, the results from one quarter do not guarantee sustained, long-term success. We've improved in many areas, but we still have a long way to go."

This year's first quarter results included an after-tax gain of $248m, or 43 cents per share, from the recent sale of Federal Systems business. Operational results of this unit were excluded from the 1994 results.

The company also took an after-tax write-down of $192m for a change in software amortisation periods from six to four years. The accounting change reflected more rapid advances in software technology and a shorter period over which to recover costs, it said.

Excluding these special items, IBM revenues for the quarter grew 6 per cent and net earnings were $336m, or 54 cents a share. Analysts had been projecting earnings of about 8 cents per share.

Gross margins remained stable at 39.2 per cent, excluding the effect of the software write-down.

Total expenses fell 23 per cent in the first quarter, mainly because of continuing cuts in personnel and operations. IBM reduced its workforce by 13,000 during the quarter, including 10,000 going with the Federal Systems business.

"We are targeting a further reduction of 28,000 by the end of the year," said Mr Jerry York, chief financial officer.

Revenues from mainframe computers continued to fall, said Mr York, but the rate of decline slowed to about 12 per cent, from more than 30 per cent per quarter in 1993.

Sales of personal computers grew strongly, but profit margins were lower than those of competitors, Mr York acknowledged.

First-quarter revenues in the US were $5.3bn, up 6 per cent from the comparable period, excluding the results of the Federal Systems business. European revenues were $4.7bn, up 3 per cent.

■ Group announces European shake-up and software disposals

Quarter beats record at Texas Instruments

By Louise Kehoe in San Francisco

Texas Instruments, the US semiconductor and electronics manufacturer, yesterday reported its best ever quarterly results while announcing a restructuring of its European operations and the sale of some its software product lines.

In all, 1,064 jobs will go, most of them in Europe.

Net income for the quarter jumped to $134m, or $1.41 per share, from $81m, or 85 cents, for the first quarter of 1993.

Strong growth in semiconductor sales produced a 30 per cent advance in first quarter revenues to $2.45bn from $1.88bn in the same period last year.

The company said it would create business centres with pan-European responsibilities to replace its traditional country-by-country approach. The restructuring would ultimately result in annual savings of about $54m.

The first-quarter results included a pre-tax charge of $83m to cover the cost of restructuring the European operations. An additional charge of $49m was taken to provide for losses on the disposal of "non-strategic product lines" primarily in information technology, the company said.

Excluding the effect of charges and one-time royalty gains, profits from operations for the quarter would have been $256m and net income would have been $165m, or $1.74 per share, the company said.

Wall Street analysts had been anticipating net income of about $1.39 per share. TI's share price gained $3½ to trade at $68¼ in mid-session yesterday, up from Wednesday's close of $64¾.

TI said that most of its profit increase in the quarter came from higher royalties on semiconductor patents and improved semiconductor operations.

Semiconductor orders and revenues reached an all-time high, the company said. Without the effect of restructuring charges, semiconductor operating profit more than doubled compared with the first quarter of 1993. Even with the effect of the charges, semiconductor profits were up significantly on the first quarter of 1993.

Defence electronics orders declined and revenues for the year were expected to be lower than in 1993, the company said. It added that its software business operated at a loss in the first quarter.

At the annual meeting, Mr Jerry Junkins, TI chairman, announced plans to raise the stock dividend to $1.00 per share from 72 cents.

The end after 38 years; Page 10

The Lloyds' takeover of C&G

Brian Pitman (left), of Lloyds Bank, faces press questions alongside Andrew Longhurst, of the C&G

■ **LLOYDS' FIRST:** Lloyds Bank's £1.8bn ($2.62bn) bid for Cheltenham & Gloucester will make it the first UK bank to take over a building society, creating a menace in the shrunken UK home loans market.

■ **BREAKING OUT:** C&G gains access to a much wider distribution network, including 1,930 branches, as well as breaking the wholesale funding limit which societies are pressing the Treasury to raise.

■ **PITMAN'S REPLY:** Brian Pitman, Lloyds Bank's longstanding chief executive, has answered the question: "Has he left it too late to buy something?" And it may not be his last move.
Details and analysis, Page 23

Peugeot dives to loss of FFr1.4bn

By John Ridding in Paris

Peugeot Citroën, the French car group, plunged to a net loss of FFr1.41bn ($240m) last year, compared with a profit of FFr3.37bn in 1992.

Mr Jacques Calvet, chairman, said yesterday that the loss, although smaller than many analysts had expected, reflected the impact of the "worst decline in the European automobile market since the second world war".

He also blamed a period of "monetary anarchy" which had seen substantial currency devaluations for rivals in Britain, Italy and Spain. According to Mr Calvet, the devaluations of the pound, the lira and the peseta since 1992 had compounded the fierce competition in the car market. He also criticised French monetary policy which, he said, had resulted in excessively high real interest rates.

Last year's loss was the first at Peugeot Citroën since 1985 and prompted the group to withhold a dividend payment. But despite the reversal, Mr Calvet cited encouraging factors. The second half showed a marked improvement, with net losses declining from FFr1.12bn to FFr292m. At the operating level, a first-half loss of FFr1.25bn was followed by a profit of FFr952m.

Mr Calvet expected the improvement to continue because of signs of economic recovery in some important markets and a boost to sales in France from government measures, including a FFr5,000 payment to car owners trading in a vehicle more than 10 years old to buy a new one. This was expected to help lift new car sales in France from 1.72m in 1993 to 1.85m this year.

Group sales fell from FFr155.43bn to FFr145.43bn last year, while production declined 14.5 per cent to 1.75m vehicles. The worst affected markets, according to Mr Calvet, were in continental Europe – with France, Spain, Germany, Italy suffering a decline of between 18 and 24 per cent.

Peugeot Citroën said it increased its share of the European market from 12 per cent in the first quarter to 13.1 per cent in the last three months of the year, with the help of new models, such as the Citröen Xantia and the Peugeot 306.

Mr Calvet said the company had reached his target of a 12 per cent increase in productivity last year. The workforce was reduced from 150,800 to 143,900.

O&Y creditors accuse US operation of hiding data

By Bernard Simon in Toronto

The creditors which control Olympia & York Developments have accused the failed Canadian developer's surviving US arm of concealing crucial data on its restructuring.

A group of bank lenders, including Hongkong and Shanghai Banking Corp, Canadian Imperial Bank of Commerce and Sanwa Bank of Japan, yesterday asked an Ontario court to set a five-day deadline for creditors and the US company to agree on sharing the information.

OYDL's most valuable remaining asset is an 80 per cent stake in the US operations, whose flagship property is the World Financial Centre in New York. However, ever since OYDL's restructuring in February 1993, there have been tensions between the parent company's creditors, the US management and the court-appointed administrator who oversees OYDL's remaining interests.

The US subsidiary, which has stayed out of the clutches of the bankruptcy courts, is understood to have completed a plan for restructuring its $5bn debt. It has refused to divulge details to OYDL creditors.

According to court documents, the US managers claim some creditors, notably CIBC and Sanwa, have a conflict of interest because they are also direct lenders to properties involved in the restructuring. US management also maintains it would be inappropriate for OYDL creditors to receive information which is not known to US project lenders.

But the creditors are concerned that the US managers, led by Mr John Zuccotti, a former deputy mayor of New York, might be jockeying for advantage in the restructuring process.

"The interests of the management are potentially not the same as the Canadian equity owners," one person familiar with the dispute said yesterday. Among the issues at stake are managers' employment prospects and the possibility of an equity stake for them in the restructured US company.

The creditors' action comes ahead of a board meeting of the US company next Tuesday at which the restructuring is expected to be voted on.

Mr Robert Lowe, OYDL's administrator, has asked that the board, of which he is a member, should have a month to consider the restructuring plan before a vote.

Vauxhall hit by weak exports

By Kevin Done, Motor Industry Correspondent

Vauxhall, the UK subsidiary of General Motors of the US, suffered a 17.3 per cent fall in pre-tax profits last year to £185.1m ($276m), but remained the most profitable carmaker in Britain.

Mr Charles Golden, chairman and managing director, said profits would recover this year helped by higher sales, increased productivity and further cost reductions.

Profits were depressed last year by an 18.7 per cent decline in production of cars and car-derived vans to 245,313.

Vehicle output fell after a steep decline in exports, which dropped 58 per cent to 46,964 because of the weakness of new car demand in continental Europe.

Vauxhall's two vehicle assembly plants at Luton in Bedfordshire, and at Ellesmere Port, Cheshire, worked at only 78 per cent capacity last year compared with 96 per cent in 1992, said Mr Golden.

Vauxhall captured a record 17.1 per cent share of the UK new car market last year, where it is in second place behind Ford, compared with 16.7 per cent in 1992. Its UK car sales jumped 14.2 per cent to 308,926 in an overall market that rose 11.6 per cent to 1.78m. Operating profits fell 23 per cent to £191.8m, while turnover rose 3.4 per cent to £3.1bn.

Mr Golden said that the fall in exports had reduced profits by £71m, while the cut in production had cost another £18m. The Luton plant was hit by short-time working and was forced to halt production of the Vauxhall Cavalier/Opel Vectra for nearly 13 weeks in 1993.

These factors had been offset by cost-savings, which improved profitability by £36m, and by increased domestic sales which contributed an extra £10m.

Mr Golden said Vauxhall had improved its productivity by 88 per cent in the past six years, from 24 to 45 cars per employee.

The workforce was reduced by 6.7 per cent last year to 10,222 at the end of 1993, and to below 10,000 by February this year.

● The Avis Europe group of car rental companies, in which GM holds a 26.5 per cent interest through Vauxhall, made a net annual loss of £74.2m in the year to the end of February 1993. It has remained in unspecified loss in the latest financial year.

Bavarian bank in Hungarian deal

By Nicholas Denton in Budapest

Bayerische Landesbank, the Bavarian state bank, is on the verge of taking a 25 per cent stake in Magyar Kulkereskedelmi Bank (MKB), Hungary's state-owned foreign trade bank.

The transaction, which is to be formalised at MKB's annual general meeting on May 3, will be the first western acquisition of an important Hungarian state-owned financial institution and one of the largest bank privatisations yet in eastern Europe.

The purchase price for MKB was not disclosed. However, ING Bank of the Netherlands paid $60m for a 26 per cent stake in Poland's Bank Slaski last December in the first major east-west bank tie-up.

The European Bank for Reconstruction and Development, the London-based institution, is expected to take a 17 per cent stake alongside Bayerische Landesbank.

The acquisition plays a part in the EBRD's efforts to shore up eastern Europe's banking system and thus fulfil its mandate to support, even if indirectly, private enterprise in the region.

Bayerische Landesbank and the EBRD are buying into the strongest of Hungary's four main commercial banks. MKB had a capital adequacy ratio of about 11-12 per cent of its end-1993 balance sheet total of Ft238bn ($2.3bn), comfortably over the 8 per cent level recommended by the Basle-based Bank for International Settlements.

MKB, with its emphasis on trade finance, suffered less from the bankruptcy of industrial companies that have weighed down most of the state-owned banking sector in Hungary.

Of the big four, only MKB had the capital strength not to require government assistance last December. The state had to inject Ft110bn to restore solvency to Magyar Hitel Bank, Kereskedelmi Bank and Budapest Bank, the three largest commercial banks, and five smaller financial institutions.

Budapest Bank is the next bank in line for privatisation but many potential buyers have already established stand-alone branches in Hungary and are less interested in acquisition.

Nedlloyd sees return to profit this year

By Ronald van de Krol in Amsterdam

Nedlloyd, the Dutch-based shipping and road haulage group, said it expected to post a profit this year for the first time since 1991, helped by a further recovery at its ocean-shipping line.

Ocean-shipping recovered strongly last year, enabling the group to compensate for losses in its European road haulage business.

Net losses in 1993 nearly doubled to Fl 12m ($59m) from Fl 58m in 1992. However, if non-recurring items such as restructuring costs and extraordinary gains are excluded, the underlying trend shows a narrowing of group losses to Fl 50m from Fl 73m the year before.

"The turnround is well under way," Mr Leo Berndsen, chairman, said.

He said the company, which has not paid a dividend since 1989, would resume payments to shareholders as soon as it was "responsible" to do so.

In shipping, Nedlloyd benefited from higher cargo volumes, particularly on its services between Europe and Asia-Pacific. Operating results in shipping swung into a profit of Fl 39m from a loss of Fl 2m in 1992.

In road haulage, the company was hit by the creation of the European single market in early 1993, which reduced demand for its customs services at European borders, and by the recession in Germany. The road sector suffered an operating loss of Fl 4m last year, compared with a Fl 19m profit in 1992.

Nedlloyd managed to reduce interest-bearing debt by nearly Fl 300m in 1993, putting it on target to reach its goal of a total Fl 500m reduction by late 1995. This, in turn, has led the company to end its attempts to sell off Neddrill, its profitable offshore drilling subsidiary, Mr Berndsen said.

He announced that Nedlloyd would launch quarterly corporate reporting starting in May. Until now the company has published half-year and full-year figures.

Small shareholders seek a voice in bank boardrooms

Andrew Hill examines Italy's corporate changes

Shareholder meetings at Italy's state-controlled banks used to be brisk affairs. Once IRI, the state holding company, had voted its majority stake there wasn't much point in the 30 or 40 other shareholders present prolonging the agony.

Privatisation seems to have changed all that, as 500 shareholders in Credito Italiano learned to their cost last Saturday in Genoa's converted cotton exchange. The first assembly since the December sell-off of IRI's 64 per cent stake lasted until 5am on Sunday morning, as the bank's new owners dissected the balance sheet and elected a new board.

The prospect of spending most of the weekend in a half-empty conference hall, with only professional investors and a well-thumbed annual report for company, is still not a great draw for ordinary Italians. In Genoa, there was little sign of the fabled Piccolo Azionista, the small shareholder for whom 40 per cent of the bank's shares were reserved in the original sale. Banca Commerciale Italiana (BCI), privatised in February, faces an even tougher challenge attracting the small shareholder to its assembly in Milan tomorrow.

But apart from disappointment about the low turnout – Credito Italiano had expected at least 800 people in the 1,500-seat hall – there is also concern about who will control strategy at the newly privatised banks. In particular, analysts point out that many of the main shareholders of Credito Italiano and BCI are old allies of Mediobanca, the Milanese merchant bank with a finger in many of Italy's industrial and financial pies.

The theory goes that as the Italian banking system opens up to greater domestic and international competition, Mediobanca will need to protect its core activities of medium and long-term lending and corporate finance. Stakes in the privatised banks are limited to 3 per cent, but directors sympathetic to Mediobanca could still help ensure that relations with Credito Italiano and BCI, both of which already distribute Mediobanca financial products through their retail network, remain cosy rather than confrontational.

Events since last weekend's Credito Italiano assembly seem to have confirmed this interpretation. Of the 11 directors elected on Saturday, at least five have strong Mediobanca links. Three, including the privatised bank's chief executive Mr Egidio Giuseppe Bruno, are also Mediobanca directors and were duly appointed to the Credito Italiano five-man executive committee at Monday's first board meeting.

Observers expect Saturday's BCI meeting to yield a board similarly friendly to Mediobanca, helped by the fact that Mr Pietro Grandjacquet, BCI's chief executive, announced last weekend that he would not seek re-election. Mr Grandjacquet, in spite of having a seat on Mediobanca's board, was said to be the principal advocate of a more independent strategy for BCI. He could well be replaced on Saturday by Mr Enrico Beneduce, a senior manager of BCI and nephew of Mr Enrico Cuccia, honorary chairman of Mediobanca.

Whether Mediobanca decides to use this influence, and how, remains to be seen. Other analysts believe the merchant bank's role has been exaggerated and the independent line will be championed by representatives of up-and-coming Italian companies not yet in the Mediobanca network, and by directors nominated by foreign shareholders such as Commercial Union of the UK, or Germany's Commerzbank. As one observer put it last weekend, "John Carter [the CU chief executive elected to Credito Italiano's board] doesn't even know Enrico Cuccia".

Mr Achille Maramotti, founder of the Max Mara fashion group, and Mr Leonardo Del Vecchio of Luxottica, maker of spectacle frames, also won seats on the Credito Italiano board. Still, they will have to fight hard if they want to assert a dissident line.

Speaking before last Saturday's meeting, Mr Gilberto Benetton, who looks after stakes in both Credito Italiano and BCI for Edizione Holding, the Benetton clothing group's parent company, said the purchase of shares reflected the group's belief in the aims of privatisation. But he added: "Up to now it was a simple privatisation, but nobody knew who was in charge. These assemblies are the moment of truth."

PRINCIPAL SHAREHOLDERS

Credito Italiano	%
Ras Assicurazioni/Allianz	3
Franco Tosi International	3
Commercial Union	2.05
Credito Italiano employees	4.5*
Banca Commerciale Italiana	
Generali	3
Commerzbank	2.99
Paribas	2.98
BCI employees	4*

* estimated

Babcock to raise £79m amid shake-up

By Andrew Baxter in London

Babcock International, the engineering contractor and materials handling group, yesterday announced a four-for-seven rights issue to raise about £78.6m ($116m) and is restructuring its heavily loss-making energy division.

The shake-up will lead to 450 job cuts at Babcock's manufacturing plant at Renfrew, Scotland, and a £25m exceptional charge in the year ended March 31. As a result, the group estimates its pre-tax loss was £41.2m for 1993-94, against a profit of £21.1m a year earlier, and it is passing its final dividend.

Babcock shares rose from 33¼p to 37p as the City reacted warmly to the long-awaited announcement of its future strategy, following the arrival in October of a new management team.

Babcock has been hit by troubles in its contracting businesses, the biggest of which was technical problems on its £400m-plus flue gas desulphurisation contract at National Power's Drax power station in North Yorkshire.

The company plans to move its energy division away from large construction activities and become more focused on technology, engineering and project management.

Background, Page 25

Benetton ahead 12% over year

By Andrew Hill in Milan

Benetton, the Italian clothing group, again defied the worldwide recession, increasing net consolidated profits last year by a further 12.6 per cent to L208bn ($86m), compared with L185bn in 1992.

The company backed up an optimistic statement by proposing a 10 per cent increase in the dividend, to L385 a share from L350.

Benetton said it had experienced strong growth in sales in the US and Caribbean, where revenue increased by 19 per cent, in the east Asia (83 per cent growth) and the Middle East (up 51 per cent).

Overall consolidated sales in the 120 countries where Benetton is now established rose to L2,751bn, against L2,512bn in 1992.

Operating profits increased 14 per cent to L408bn, while an additional 75m pieces of clothing were manufactured worldwide. Benetton said there had been a further cut in operating costs, due to continuing rationalisation of production, including the integration of Benetton's Italian manufacturers into the group.

The group drew attention to the performance of its shares in 1993, during which the market capitalisation of Benetton nearly doubled to L4,345bn from L2,278bn, while the principal Milan stock market index increased by 35.6 per cent.

Over the last year, Benetton has been keen to widen the international spread of its shareholder register. At the beginning of this month, the group announced plans for a bond issue and a placing of 19m new shares overseas.

Caterer ahead 50% after break from Forte

Gardner Merchant, the UK contract caterer bought by the management from Forte for £402m at the end of 1992, lifted profits by 50 per cent for the year ended January 31 and took turnover through the £1bn barrier, writes David Blackwell in London.

Europe's biggest caterer said no date had been set for its flotation, but City of London analysts suggested that if it were to come to the market this year it could be valued at £600m ($891m) or more.

Gardner reported profits before interest and tax of £46.9m (£31.3m) on turnover up from £980m to £1.02bn. Margins improved from 3.2 to 4.6 per cent. The results were good, said one analyst, but should have been better in 1992.

Dividend unchanged at Vienna airport

By Patrick Blum in Vienna

Vienna International Airport (VIA) group yesterday reported lower profits for 1993 but said that it would maintain its dividend at 8 per cent.

Group pre-tax profit was Sch540.9m ($45.3m) – down from Sch554.3m in 1992 – on turnover of Sch3.1bn. Passenger traffic rose by 5.3 per cent to 7.2m.

"Ruinous price and competition wars and the beginning of the liberalisation phase in air traffic" had adversely affected the results, the company said.

However, it added that strong growth was expected this year.

VIA is 27 per cent private and the government is expected to sell at least half of its 36.5 per cent stake this year. The city of Vienna and the province of Lower Austria each have 18.25 per cent stakes.

● Austrian Airlines posted a loss of Sch737m after tax last year, in spite of a slight increase in traffic and steps taken to reduce costs and increase revenues.

The number of passengers carried rose by 1.8 per cent compared with the previous year to just above 3m. Air freight increased by 5.6 per cent.

But flight revenues fell by 1.4 per cent to Sch9bn, and total income was down 1 per cent to Sch10.9bn.

Crédit Agricole static at FFr5.3bn

By Alice Rawsthorn in Paris

Crédit Agricole, the French banking group, yesterday confirmed it had maintained net profits at FFr5.34bn ($905m) in 1993 against FFr5.23bn in 1992 in spite of the pressures on the banking industry.

Mr Lucien Douroux, chairman, had previously indicated that the bank would make static profits for 1993.

He said the group hoped this year to maintain its position and to be able to reduce the level of write-downs on its non-performing loans.

Crédit Agricole saw net banking income rise by 6.2 per cent to FFr69bn last year from FFr64.9bn in 1992. It succeeded in freezing operating costs at FFr37.1bn and increased operating profits by 14 per cent to FFr28.5bn from FFr25bn over the same period.

INT'L COMPANIES AND FINANCE

Christopher Brown-Humes in Stockholm outlines Volvo's strategy

Everything that does not conform must be sold off

For the first time in months, the pressure on Volvo's senior executives is off. After a period of large losses and the trauma of the collapsed merger with Renault, the company has emerged into a period of strong recovery with a firm strategy.

It is a strategy which has been generally welcomed by shareholders and the market, even if some motor industry experts are not fully won over.

Everything which does not conform with the concept embodied in Volvo's name – latin for I roll – will be sold. That means the disposal of all activities built up during the heydays of 1980s diversification, including consumer products, pharmaceuticals, stockbroking and property.

By the time the programme is fully implemented at the end of 1996, the group will have shed some SKr40bn ($5.1bn) worth of non-core assets, including its holdings in two of Sweden's biggest companies: Pharmacia, the pharmaceuticals group, and BCP, the consumer products concern. The company will be a pure transport group for the first time since the mid-1970s.

Analysts say the group could generate as much as SKr20bn in capital gains from the programme. If realised, this would reduce its SKr14.7bn net debt and help to reach an equity-to-assets ratio of 50 per cent, double today's level.

The calculation is that a strong balance sheet will give the group enough muscle to sit out cyclical industry troughs. It will provide the resources for the group to support its automotive operations without relying on the economy-of-scale benefits that the Renault link-up would have brought.

"The key thing here is that after the disposals, Volvo will be strong enough to develop a new car on its own," says Mr Christian Diebitsch, Swedish analyst with Kleinwort Benson in London. The top-range 900 series is in the process of renewal. While a new 400 series is being developed in collaboration with Mitsubishi through a Dutch-based joint venture called NedCar

Volvo's aim is no longer to find a single partner; rather it is to strike specific co-operative ventures with a number of different companies across the range of its activities.

There is much talk of internal as well as external partnership. By this the group aims to shorten lead times and increase co-ordination of operations across different model ranges.

In the short term, the company has gained a respite thanks to the weak krona, recovery in key markets, intense cost-cutting, and the success of its 850 model. Profitability will soar in 1994 and 1995, enhancing the benefits it will derive from the disposals and further cost-cutting.

Question marks remain over the group's longer-term strategy. Many commentators believe it will be forced to seek a deeper alliance with another manufacturer, particularly to support its car operations.

"My worry is that Volvo has underestimated the costs and complications of running joint venture collaborative agreements," says Professor Garel Rhys, director for the Centre of Automotive Industry Research at the Cardiff Business School.

He believes that other car manufactures match Volvo's traditional selling strengths in safety, quality and longevity. He says that without being able to charge a premium for its product, the group will be forced to seek economies of scale with another big automotive group to avoid having the higher unit costs of the small-scale manufacturer.

The way ahead could include a deepening of Volvo's collaboration with Mitsubishi, or even a partnership with Honda, following BMW's takeover of the Rover Group.

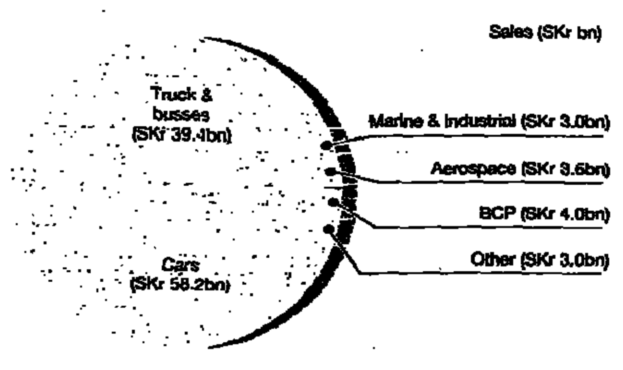
Prof Rhys believes Volvo would be better advised to look to Japan for its partners, rather than Europe. "With a European partner, Volvo would become a branch factory of a European operation. With a Japanese company, it could become a bridgehead into Europe," he says.

But Volvo has gained a breathing space to consider its options when it can negotiate with a potential partner from a position of strength.

Mr Soren Gyll, chief executive, stressed at Wednesday's annual general meeting in Gothenburg that he had not changed his views since last autumn when the group was in the throes of its controversial merger with Renault.

However, he may find that Volvo's independence has to be compromised to a greater extent than he seems to envisage.

Volvo



BCP's core should draw buyers

BCP's strong brand names and dominant market positions should ensure that there is plenty of buyer interest in its core food, beverage and tobacco operations.

The division, which last year had revenues of SKr22bn ($2.78bn) and operating income of SKr1.46bn, is an agglomeration built up by acquisition over many years.

Disposal is likely to be through piecemeal sales to Nordic and international groups, say analysts.

The Nordic countries constitute BCP's main market, with Sweden accounting for 55 per cent of sales.

The company dominates the Swedish beer and soft drinks market, with a 50 per cent share through brands such as Pripps and Ramlösa, while Felix, Abba and Ekströms Onos are strong brand names on the food side.

Analysts say Nordic consumer product companies such as Norway's Orkla and Finland's Huhtamaki may show an interest in parts of BCP's food and drink business, seeing it as an opportunity to bolster market share.

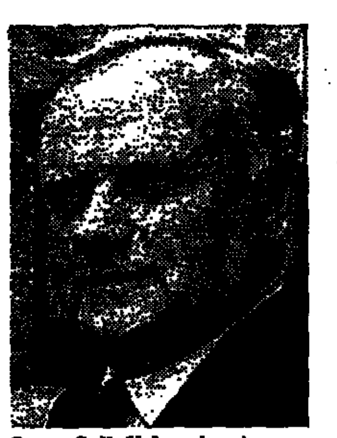
However, they expect competition from big continental companies, such as Nestlé. The beer segment may see a challenge from Carlsberg.

On the tobacco side, Swedish Match Lights, BCP's most international operation, is the world's largest producer of matches and the third-largest manufacturer of disposable lighters.

Such a strong global position will almost certainly entice interest from groups such as Philip Morris and Hanson. Swedish Match has a strong position in the domestic market, where it is the leader for matches and cigarettes.

BCP's market value is SKr18bn-SKr20bn. Volvo's current 73.6 per cent stake is booked at only SKr5.8bn, suggesting big capital gains.

However, sales are unlikely to begin before Mr Soren Gyll, Volvo chief executive, has completed his bid to mop up the BCP shares which the company does not own. Selling BCP will be easier for Volvo when it has full control.



Soren Gyll: Volvo aims to mop up BCP shares it does not own

Pharmacia sale may face hurdles

Volvo's plans to sell a 28 per cent stake in Pharmacia will end an involvement in the pharmaceutical industry which dates back to 1985.

Pharmacia is one of the world's top 20 drugs companies with 1993 sales of SKr27bn ($3.4bn) – bigger than Astra, its main Swedish rival – and it has strong market positions in areas such as growth hormones, eye surgery, and smoking cessation.

It will not be an easy shareholding for Volvo to offload and it has made the government's task of selling a 46 per cent stake in Pharmacia this summer, Sweden's biggest privatisation, more complex.

Volvo's stake will hang over the privatisation, even though it has a pact with the government which prevents it from selling all but a small portion of its holding before the end of next year. This means Volvo must sell in 1996 to comply with its own disposal timetable.

At today's price, Volvo would get SKr7.7bn from selling the Pharmacia stake, against a SKr6.2bn book value. But the company will probably expect proceeds to be higher, providing the privatisation proceeds smoothly and pharmaceutical stocks come back into fashion.

For the moment, the sector is overshadowed by worldwide pressure on healthcare spending.

Much will depend on how Pharmacia performs over the next two years. The group will undergo restructuring following a period of rapid expansion and last year's $1.3bn purchase of Farmitalia Carlo Erba, the Italian pharmaceutical company.

Pharmacia does not have the volume growth of Astra, and it will be relying on cost-cutting to lift profits.

The company has indicated it expects as much as half of its production capacity – spread over 46 plants in 15 countries – to be closed in the next four years.

At the moment, the most widely held view is that Volvo is most likely to dispose of its stake through an institutional placing.

US bank sees cut in derivative use

By Richard Waters in New York

Many companies are reducing their use of financial derivatives following the upheaval in financial markets of the past two months, a senior executive of Bankers Trust, the US bank, said yesterday.

There was likely to be "some slowdown [in the use of derivatives] as policies and procedures are tightened up among corporate users," said Mr Tim Yates, the bank's chief financial officer. "That in itself may be a good thing," he added, and predicted that the use of derivatives to manage financial risk would continue to grow in the long term.

Bankers Trust, the US commercial bank which has been one of the most active banks in selling derivative instruments to help companies manage risk, has been threatened with legal action by two companies in the past 10 days which have lost money on rate swaps.

Procter & Gamble last week put its losses at $102m, while Gibson Greetings, a US greetings card company, said on Tuesday that it faced a paper loss of $19.7m.

These and other losses have led many companies to review the risks they may be running through their corporate treasury activities.

Mr Yates said companies that had lost money on derivatives were a minority. A review of the trades with Procter & Gamble and Gibson had shown them to be "correct and proper in every way".

Bankers Trust provided more details yesterday of its trading results in the first quarter, which were well below 1993 levels. The bank said it lost $49m on trading for its own account, an activity which made $594m in 1992.

INTERNATIONAL COMPANIES AND FINANCE

Sears in the red as insurer suffers

By Laurie Morse in Chicago

Sears, Roebuck suffered a first-quarter loss of $97.7m, or 27 cents a share, after claims related to California's earthquake shook the company's Allstate Insurance unit. In the same period a year ago, the group's income from continuing operations amounted to $317m, or 82 cents.

Sears' consolidated revenues in the first quarter rose 8.6 per cent to $12.27bn, from $11.3bn last year.

Allstate this week revised its estimate of earthquake-related losses to $950m, from $600m. It was the company's second revision of its earthquake liabilities. The insurer had initially put its earthquake losses at $350m, but raised the estimate on March 21.

Allstate, which is 80.1 per cent owned by Sears and contributed $320.1m to Sear's income in the first quarter of 1993, delivered $220.5m in losses in this year's first quarter.

The catastrophe losses at Allstate, which totalled $1.1bn for the quarter, masked a strong performance by Sear's other main business, its retail stores.

Sears Merchandise Group income more than doubled in the first quarter, to $129.5m from $63.6m a year ago. Group sales advanced to $6.9bn, from $6.1bn last year.

Mr Rick Nelson, retailing analyst for Duff and Phelps in Chicago, said Sears' 12.4 per cent increase in comparable store sales during the quarter reflected the success of new merchandising strategies.

"The merchandising group actually did better than expected," he said. Quarterly merchandising sales were also boosted by the fact that the Easter selling season fell in the first-quarter reporting period this year, Mr Nelson said.

Homart, Sears' real estate division, saw income rise to $5.2m in the first quarter from a loss of $3.2m a year ago.

Mr Edward Brennan, chairman said, "Operating performance at Sears Merchandise Group and Allstate Insurance was solid, and the underlying fundamentals of these groups are strong, as evidenced by revenue growth of more than 8 per cent."

Earthquake pushes Allstate into loss

By Patrick Harverson in New York

Allstate Insurance, swamped by catastrophe claims from the recent southern California earthquake, yesterday reported a loss of $275.2m for the first quarter of this year.

The loss was a dramatic reversal for the US insurance group, which in the same quarter of last year made a profit of $320.1m.

The insurer said the earthquake, which struck the Los Angeles area on January 17, was the second costliest catastrophe in its history, after Hurricane Andrew in 1992. The company recently revised its estimate of earthquake losses from $600m to $950m.

Mr Wayne Hedien, chairman, said the lesson of the California earthquake was that, with so many people unable to afford earthquake insurance, the financial impact of large natural disasters needed to be addressed at a national level. He said the company was supporting the Natural Disaster Protection Act before Congress.

The act proposes that the public and private sector jointly provide homeowners with affordable insurance against natural disasters.

Although Allstate's revenues rose during the quarter by 4 per cent to $5.32bn, the cost of meeting catastrophe claims from the earthquake and the severe weather which blanketed much of the US during the winter left the company nursing an operating loss (excluding after-tax capital gains) of $349.4m.

A year earlier, Allstate reported an operating profit of $259.3m. As a result of the catastrophe losses, the company's combined ratio – claims plus expenses over premiums – jumped 26.9 points to 127.7 in the quarter.

Allstate's life insurance operations, however, remained profitable during the quarter, with income rising slightly to $64.4m on revenues of $724.6m.

Yesterday's results did not surprise analysts, and they had little impact on the company's share price, which eased $¼ to $22¾ on the New York Stock Exchange.

● Chubb Corporation, another US insurer, was also hit by earthquake and winter storm losses. It posted net income of $73.2m for first quarter, down from $125m a year earlier.

Net income at Nabisco drops 8% to $194m

By Richard Tomkins in New York

Strong growth in overseas cigarette sales helped RJR Nabisco, the US food and tobacco group, compensate for the continuing effects of lower prices in the domestic market in its first quarter.

Net income fell by 8 per cent from the comparable quarter's $210m to $194m before extraordinary items. The latest figure, however, included a one-time tax benefit of $20m. At the pre-tax level, profits fell by 11 per cent to $329m from $370m

Sales were down to $3.57bn from $3.74bn and earnings per share, fully diluted and excluding extraordinary items, were down 25 per cent to 12 cents from 16 cents.

The figures are the last that will suffer from an unfavourable comparison with quarters preceding last year's so-called "Marlboro Friday", when Philip Morris prompted a price war by cutting the price of its premium brands.

RJR Nabisco said international tobacco volumes rose by 12 per cent, with strong performances in western Europe, the former Soviet Union and Canada. The company planned to start manufacturing in the Czech Republic.

International tobacco sales were up 4 per cent at $727m and operating profits rose by 13 per cent to $179m.

Domestic tobacco volume was 9 per cent lower than in last year's first quarter and sales, at $1.13bn, were 19 per cent lower. Operating profit was down 21 per cent at $393m.

However, domestic tobacco margins rebounded almost to the comparable quarter's levels. Although its low-cost brands lost volume, sales of its premium brands like Camel and Winston were almost the same, reflecting the company's decision to concentrate on profitability.

The Nabisco foods division increased operating profits by 13 per cent to $230m, with Nabisco Biscuit doing well from new, reduced-fat versions of its cookie and cracker brands.

Northwest Airlines returns to the black

By Richard Tomkins

Northwest Airlines, the US carrier that returned to the stock market last month after being taken private five years earlier, yesterday reported net income of $18.3m in its first quarter, compared with net losses of $100.3m last time.

The profit was in sharp contrast with the losses reported a day earlier by American Airlines and USAir, which said they had been hit by a combination of exceptionally severe winter weather and low fares.

However, Northwest's figures were flattered by two non-trading items. It gained $9.2m before tax from an accounting item relating to its employee stock ownership plan, and a further $12.7m from a cut in depreciation expenses following a revaluation of some of its aircraft.

Operating revenues rose by 5 per cent to $2.13bn and earnings per share were 5 cents, compared with losses of $1.86 last time.

One reason why Northwest's figures suffered less badly than those of American Airlines and USAir is that its route structure is not concentrated in the north-east of the US, where the worst of the winter weather struck.

The airline is also benefiting from wage and benefit concessions worth $886m over the next three years, under an agreement with its employees which will give them a 27.4 per cent stake in the company.

Mr John Dasburg, president and chief executive, said seasonal factors usually produced a loss in the first quarter. He attributed the results to the company's strategy of concentrating on profitable flying.

During the quarter Northwest rescheduled operations at its Memphis hub to boost traffic and increase profits. It also announced new services in four North American markets feeding its hubs.

Internationally, the airline announced a new Pacific spring schedule including extra flights on its Detroit-Tokyo, Los Angeles-Osaka and Tokyo-Shanghai-Beijing routes, and eliminated its unprofitable Los Angeles-Sydney and Seattle-Seoul routes.

Northwest and its European partner, KLM Royal Dutch, also replaced first class with world business class accommodation on intercontinental flights.

Upturn in US helps Monsanto lift to record $194m in quarter

By Frank McGurty in New York

Monsanto, the St Louis-based chemical group, yesterday said the cyclical upturn in the US economy and a strong performance by its herbicide business helped lift profits to record levels in the first quarter.

Net income in the first three months of 1994 climbed 38 per cent to $194m, or $1.63 a share, from $141m, or $1.17, in the year-earlier quarter, when the company realised an after-tax gain of $22m, or 18 cents.

The results exceeded Wall Street's consensus forecast of $1.53 a share, but the stock made only modest progress on the announcement. In early trading on the New York stock market, the share price added $¼ to $76¼.

Mr Paul Raman, an analyst with SG Warburg in New York, said Monsanto's improved profitability reflected cost cutting as well as strong growth in sales volume.

Consolidated net revenues came in at $2bn, against $1.94 in the first 1993 reporting period.

In its agricultural division, the growing popularity of Roundup, an herbicide that allows farmers to clear land without tilling, lifted operating income by 37 per cent.

Better-than-expected sales of BST, a controversial new hormone that increases milk production by cows, helped offset lower prices for most products, especially in Europe.

Mr Raman said early acceptance of BST suggested it could become "Monsanto's new home-run product", with the potential to grow into a $500m business within three or four years.

In chemicals, US economic expansion in the second half of last year, and improving conditions in Europe, fed through as a 70 per cent surge in first-quarter operating income.

Monsanto benefited from robust demand in automotive and housing sectors, improved productivity and more efficient utilisation of factory capacity.

The Searle pharmaceuticals division returned to profitability with an operating profit of $12m, after posting a $27m loss a year ago.

But the NutraSweet aspartame business slipped 15 per cent to $29m, despite efforts to cut costs and boost market share.

Strong growth in traffic volume helps MCI to 38% profit increase

By Patrick Harverson

MCI Communications, the second-largest long-distance telephone company in the US, yesterday reported a 38 per cent increase in first-quarter profits to $209m, or 39 cents a share.

A year ago, the company earned $151m, or 28 cents a share, although that figure included a modest charge taken to cover the early retirement of debt.

Revenues were up 15 per cent at $3.22bn, and traffic volume increased more than 16 per cent – growth rates that were more than double the industry average.

The first three months of the year were a busy period for MCI, which announced several strategic initiatives during the quarter.

These included: the investment of $1.3bn in an alliance with Nextel Communications and Comcast to provide digital wireless personal communications services developed by Motorola; the acquisition of BT North America as part of an alliance with British Telecommunications; and a joint venture with Banacci, Mexico's largest financial group, to compete for long-distance business in Mexico.

MCI said the key to its growth was the steady winning of new customers. New revenue commitments from large business accounts were up more than 50 per cent on the previous three months.

In addition, it benefited from the continued success of its branded products such as Friends and Family and Proof Positive, and fresh gains in the toll-free market.

Following yesterday's results MCI's shares, traded on the Nasdaq market, eased $5/16 to $23 11/16.

Cummins ahead at $54.6m for first term

By Laurie Morse

Cummins Engine Company, the US manufacturer of heavy-duty diesel engines for trucks, school buses, and power generation plants recorded a strong improvement in first-quarter net earnings.

The group lifted net income to $54.6m, or $1.35 a share, on sales of $1.1bn, up from $41.1m or $1.12 a share, on sales of $1bn in last year's first quarter.

"We are pleased to show continued improvement in our results as we benefit from good business conditions in most of the markets we serve," said Mr James Henderson, Cummins' president. "We expect second-quarter performance to be strong, with results above those achieved in the first quarter."

Sales of engines for heavy duty trucks in the North American market were particularly strong in the quarter, leading to increased production schedules at Cummins' Jamestown, New York plant.

Cummins said sales to industrial markets also increased significantly over the 1993 fourth quarter, particularly in the agricultural and construction segments of its business.

Sales of power generation equipment declined from the fourth quarter, and sales of mid-size engines also weakened.

This was the result of some business being pulled from the first quarter into the fourth to avoid price increases associated with emission changes in engines or equipment price increases.

Year-end sale forecast by Four Seasons Hotels

By Michael Skapinker, Leisure Industries Correspondent

Four Seasons Hotels, the Canadian luxury chain, says it has had over 50 initial inquiries from buyers interested in acquiring the group.

Mr John Richards, senior vice-president, said yesterday the group expected to conclude a deal by the end of the year.

Four Seasons announced earlier this month it was seeking a buyer because Mr Isadore Sharp, its founder and controlling shareholder, wanted to loosen his ties with the group over the next three to five years.

Mr Sharp and his family own 18 per cent of the group's shares, but control 70 per cent of the votes.

The buyer would initially make an offer to outside shareholders, followed later by the purchase of the Sharp family stake.

Mr Richards said the group would formally be placed on the market by Goldman Sachs at the end of this month.

He added that the initial inquiries had come from all over the world, although the majority were from North America.

The group is also trying to sell six of its properties, including the Four Seasons (formerly the Inn on the Park) in London, although it says it will insist on the right to continue managing the hotel.

Mr Richards said the group expected to sell three of the hotels by the end of the year.

Arbitration fails to resolve McCain dispute

By Bernard Simon in Toronto

An arbitrator has failed to resolve the three-year succession dispute between Harrison and Wallace McCain, the brothers who control McCain Foods, the multinational frozen-foods group based in the Canadian province of New Brunswick.

Though the mediator declared invalid a resolution passed by the McCain board which sought to remove Mr Wallace McCain as joint chief executive, he made no finding on the brothers' disagreement over who should succeed them. Mr Wallace McCain favours his son Michael, while Mr Harrison McCain prefers Mr Allison McCain, who holds a senior position in the group's UK subsidiary.

INTERNATIONAL COMPANIES AND FINANCE

Murdoch sells HK newspaper stake

By Kieran Cooke in Kuala Lumpur and Simon Holberton in Hong Kong

Malayan United Industries (MUI), a medium-size Malaysian conglomerate headed by Malaysian Chinese entrepreneur Mr Khoo Kay Peng, yesterday said it had paid M$361m (US$134.3m) for Mr Rupert Murdoch's remaining 15.1 per cent stake in the South China Morning Post group (SCMP), Hong Kong's biggest English-language publishing company.

The move gives Malaysian investors a 50 per cent stake in the SCMP. In September last year Mr Robert Kuok, another Malaysian Chinese regarded as one of south-east Asia's richest businessmen, purchased a 34.9 per cent sake in SCMP for US$349m.

MUI's purchase of the SCMP appears to have been executed at a price of HK$4.59 a share, compared with the HK$5.16 a share Mr Kuok is believed to have paid last year.

The sale by the News Corp chief to Mr Khoo was seen as friendly to Mr Kuok. He and Mr Khoo have co-operated on various ventures in the past, but like Mr Kuok, Mr Khoo and the MUI group are new to the media business.

Last December, MUI purchased a 30 per cent stake in Kerry Financial, a private financial services group in Hong Kong oned by Mr Kuok, for HK$60m (US$7.78m).

MUI also controls a listed company in Hong Kong – Morning Star, in which it owns a 53 per cent interest acquired for HK$229m.

Mr Khoo is known as one of Malaysia's most reclusive businessmen. In the late 1970s and early 1980s the MUI group, centred on banking and financial activities, diversified into property, cement and manufacturing activities.

But the MUI group fell into political disfavour during a mid-1980s political leadership tussle in Malaysia, with Mr Khoo alleged to be a key supporter of Mr Razaleigh Hamzah, a rival of Dr Mahathir Mohamad, the prime minister. There was also believed to be official displeasure that Mr Khoo spent increasing amounts of time outside Malaysia devoting himself to other business activities and to a charismatic Christian sect called The Christian Abundant Life.

Reports say official pressure was used to make Mr Khoo sell the MUI Bank and its finance company in Malaysia late last year.

But Mr Khoo extracted a good price: the Malaysian Hong Leong conglomerate paid M$1.1bn for the two institutions, giving MUI a considerable cash hoard.

There is much speculation in Malaysia as to why Mr Khoo bought the SCMP stake. A statement from MUI merely said that the SCMP shares had been acquired for long-term investment as part of the group's investment strategy.

In recent years MUI has been concentrating on its cement manufacturing concerns in Malaysia and on developing its hotel and property interests. MUI owns the Ming Court group of hotels in Malaysia and has made several foreign acquisitions, particularly in the US. It recently bought a Marriott hotel and office complex in Houston, Texas, and a 750-room hotel in Atlanta, Georgia.

For 1993, MUI had a pre-tax profit of M$103m on turnover of M$657m.

● Hong Kong's securities watchdog, the Securities and Futures Commission, said it would examine the sale of the South China Morning Post stake to MUI, Reuter reports from Hong Kong.

The market is speculating on whether the purchase by a close business associate of Mr Robert Kuok complies with Hong Kong takeover and mergers code, brokers said.

Margins pressure on Japan's stores

By Emiko Terazono in Tokyo

Retailing

Japanese retailers have been hit by continuing weak consumer confidence exacerbated by a cold summer and falling corporate profits.

The growth of discounting retail chains, due to the economic slump and deregulation of the retail industry, has affected profit margins at leading supermarket chains which this week announced annual earnings to February. Convenience store chains, which have been one of the few growth sectors within the industry, have also been affected by the growing trend to discount products, and announced lower-than-expected profit increases.

Most leading supermarket chains were especially hard hit by the fall in clothing sales, the leading profit earners during the past few years. At Ito-Yokado, which suffered its first annual profit fall in 11 years, clothing sales fell 0.4 per cent to Y444.7bn ($4.3bn) while food sales rose 2.9 per cent to Y532.5bn.

The profit fall at Daiei comes in spite of cuts in interest bearing debts and other efforts to strengthen its financial base. The company reported a Y13.8bn extraordinary profit from the release of its securities holdings and a Y14.4bn extra loss from the liquidation of its subsidiaries. The company's after-tax profit rose 24.9 per cent to Y10bn.

At Jusco, company officials said the number of customers rose after the retailer increased its low-priced product lines, but as a result, the amount which each customer spent declined. After-tax profit at the company rose 3.5 per cent to Y11.1bn due to asset sales including shares and real estate. The company also posted extraordinary losses from liquidating a subsidiary.

The retailers, still suffering from over-expansion during the economic boom of the late 1980s, hope to implement rationalisation measures this year, including reduction of labour costs. "Supermarket chains above a certain size in Japan seem to experience diseconomies of scale from excessive overheads that result in lower efficiency and performance than that experienced by slightly smaller chains," says Mr Shintaro Hori, director at Bain & Company, the business consultancy.

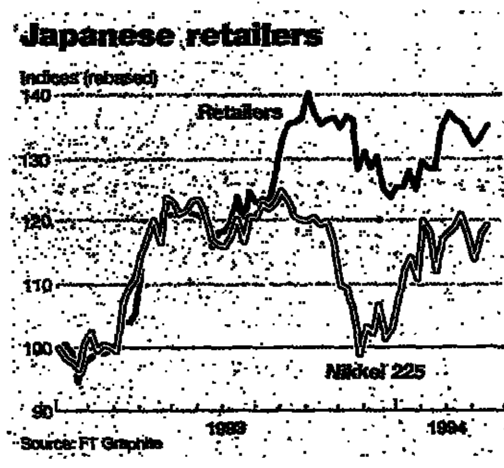
Mr Dean Perry, retailing analyst at brokers Lehman Brothers in Tokyo, says retailers' earnings this year will depend on the yen's fluctuations and its effect on overall corporate earnings and prospects for employment. Deflationary pressure on retail prices is expected to persist due to the increase in cheaper imports, widespread competition from discount retailers, and overall deregulation of various industries.

However, many economists are predicting a pick-up in the economy in the second half of the year, led by a rise in consumer spending, and point out that some of the retailers' earnings projections may be too conservative. Daiei sees pre-tax profits for the year to next February rising 18.1 per cent to Y26bn, on a 24.9 per cent rise sales to Y2,590bn. Ito-Yokado expects sales to rise 1.9 per cent to Y1,565bn and pre-tax profits at Y86.5bn, up 5.5 per cent. Jusco projects a 10.3 per cent rise in sales to Y1,170bn on a 1.9 per cent in pre-tax profits to Y26.5bn.

Meanwhile, earnings growth at convenience stores seems to be slowing, as they, too, have been forced to discount some of the national brand products. The stores, most of which are open around the clock, were previously seen as the high-growth sector of the retailing industry since they cater to a market separate from the supermarket chains and were not susceptible to the fall in prices. However, earnings projections by the retailers yesterday indicated that the industry trend toward discounting has started to affect profits.

For the current year to February, Seven-Eleven Japan expects a 2.1 per cent rise in pre-tax profits to Y90bn on a 5.5 per cent increase in sales to Y206.5bn. Family-Mart forecasts a 10.5 per cent rise in pre-tax profits to Y18.8bn on sales up 9.3 per cent to Y85bn.

Japanese retailers



Source: FT Graphite

Results for year to February 1994

	Sales (¥ bn)	Change (%)	Pre-tax profit (¥ bn)	Change (%)
Supermarkets				
Daiei	2,073.4	+2.9	22.0	-8.4
Ito-Yokado	1,538.3	+1.6	82.0	-15.9
Jusco	1,080.8	+5.5	26.0	-5.5
Convenience stores				
Seven-Eleven	195.6	+7.5	88.1	+3.5
Family-Mart	77.8	+4.3	17.0	+0.7

Source: Company reports

Lower productivity hits gold mine profits at Anglo American

By Mark Suzman in Johannesburg

A decline in productivity at most gold mines in the Anglo American group, the world's largest producer, led to a 4 per cent drop in attributable profits of R263.5m ($73.2m) in the three months to end-March from R274.4m in the December quarter.

Overall production dipped 7 per cent to 61,295kg after reaching 66,115kg in the previous quarter. This offset an increase in the average gold price received for the group, which rose to R41,261 a kg from R39,793 a kg as a result of the higher gold price and the group's reduced exposure to hedging.

Mr Clem Sunter, chairman of Anglo American's gold division, said the group now had 80 per cent of production exposed to the gold spot price and had restructured its hedges so that they could be rolled over.

The decline was most apparent in the Freegold division, where gold production was 10.2 per cent lower at 25,272 kg as a result of a lower yield and less ore milled. However, the company declared a final dividend of 200 cents, sharply up on last year's 140 cents payout.

Mr Nap Mayer, managing director of the gold division, attributed the "unsatisfactory performance" to a combination of slightly lower average yields and some industrial unrest on the mines partly related to the forthcoming South African election.

The company expects the situation to improve over the next few quarters, but warned that overall production was likely to be down on this year's total of 111,868kg, which was itself below the previous year's record of 115,320kg.

Among the group's other big producers, Vaal Reefs, the group's most profitable gold mine, reported a 6.8 per cent decline in production to 17,928kg for the quarter compared to 19,239kg. This was in part the result of the fall-off in yield after the abnormally high grades achieved last quarter. Combined with a higher tax bill, this led to a drop in attributable profit to R65,9m, down 8.3 per cent from R71,9m the previous quarter.

Western Deeps proved one of the few bright spots, increasing attributable profit to R47,4m from R42,4m, although this was largely due to lower capital expenditure. Overall production declined to 10,138kg from 11,210kg.

The smaller Elandsrand and Ergo divisions also performed creditably and recorded slight increases in overall gold production for the quarter.

Mr Sunter said that he expected the overall gold price to remain at current dollar level over the next few months, but warned that fluctuations in the rand as a result of political factors would have an important effect on the market.

State closes down second Turkish bank

By John Murray Brown

Marmara Bank yesterday became the second Turkish bank to be closed down, after the seizure last week of the assets of Turk Yatirim Turizm Bank (TYT).

MarBank was banned from taking deposits and conducting banking transactions, according to an announcement in the official gazette.

The Treasury is currently investigating both banks. A senior government official said TYT had been involved in imprudent and improper" banking practices. But he stressed that the overall health of the industry was not in doubt.

The Treasury is currently preparing a draft bill to establish a lifeboat system to help troubled Turkish banks.

Pinault faces shareholder suit

A group of minority shareholders have began legal proceedings to force Pinault-Printemps, the French retail group, to improve the terms of its offer to take full control of La Redoute, its mail order unit, writes Alice Rawsthorn in Paris.

Pinault was "warned" this week by the Paris stock market authorities over the valuation of its La Redoute offer.

ADAM, a French shareholders' pressure group, has filed a suit on behalf of minority investors at the commercial court in Roubaix, where La Redoute has its headquarters.

Correction

De Benedetti

Cofide, the De Benedetti family holding company, owned 41.9 per cent of CIR at the end of 1993 and not 48.9 per cent, as wrongly shown in an illustration yesterday.

Japanese steelmakers cut capital spending

By Michiyo Nakamoto in Tokyo

Two of Japan's leading steel companies announced large cuts in capital spending for the current fiscal year.

Nippon Steel, the world's largest steelmaker, said it would cut capital spending by 24 per cent to Y130bn ($1.26bn) because of a lack of large investment projects.

The level of capital spending targeted by Nippon Steel is the lowest since the company suffered weak demand amid a sharp fall in economic activity in the late 1980s due to the yen's sharp rise against the dollar.

The reduction is part of a restructuring plan at Nippon Steel, which aims to restrict its capital spending to Y340bn over the next three years. As a result, capital spending in fiscal 1995 and 1996 is expected to be even lower than this year's.

Kobe Steel also announced plans to reduce capital spending by 42 per cent this year to Y60bn from a previous Y103bn.

"As most of [the planned] large scale investments for reorganising the production systems to increase competitiveness have been completed, capital expenditure is being controlled to reduce fixed costs," Kobe said.

Both Nippon Steel and Kobe Steel are expected to have incurred losses in the year to March 1994, and Kobe Steel is passing its dividend.

Asian Hotels plans $100m Colombo project

By Mervyn de Silva in Colombo

Asian Hotels, a hotel and property developer and one of Sri Lanka's leading companies, is planning to invest US$100m in a four-tower office and housing complex in Colombo.

The project, the second largest private-sector investment in Sri Lanka, is seen as a vote of confidence in the island's economic future, especially as it comes at a time of political uncertainty.

Asian Hotels is making the investment through Crescat Development, a subsidiary, and will fund it through a share issue, aimed principally at overseas shareholders of Asian Hotels.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 22.04.94: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	11.08	10.89	10.89
0100	10.95	15.62	15.62
0130	11.20	15.64	15.64
0200	11.79	15.64	15.64
0230	11.90	10.97	10.97
0300	11.90	10.97	10.97
0330	11.80	10.97	10.97
0400	11.20	10.95	10.95
0430	11.18	10.83	10.83
0500	11.16	10.83	10.83
0530	11.16	10.84	10.84
0600	11.15	10.89	10.89
0630	11.20	10.81	10.81
0700	13.28	16.72	16.72
0730	20.58	15.74	15.74
0800	25.60	19.32	22.78
0830	42.07	18.56	21.99
0900	42.48	19.32	22.77
0930	33.57	19.32	22.77
1000	33.43	19.32	22.77
1030	33.19	19.32	22.77
1100	32.86	19.32	22.77
1130	32.77	19.32	22.77
1200	32.87	19.32	22.77
1230	32.40	19.32	22.77
1300	24.60	19.32	22.77
1330	24.28	18.54	21.99
1400	23.67	18.54	21.99
1430	21.88	15.78	15.78
1500	20.32	15.75	15.75
1530	20.32	15.74	15.74
1600	18.43	15.73	15.73
1630	20.92	15.74	15.74
1700	33.84	16.83	20.28
1730	33.84	18.54	21.99
1800	33.63	18.54	21.99
1830	18.42	15.77	15.77
1900	17.99	18.62	22.08
1930	17.99	19.32	22.77
2000	17.99	19.32	22.77
2030	17.99	19.32	22.78
2100	29.96	18.54	21.99
2130	29.96	16.83	20.28
2200	29.86	15.72	15.72
2230	12.40	15.85	15.85
2300	11.81	15.62	15.62
2330	11.16	10.97	10.97
2400	10.95	10.96	10.96

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £15.86/MWh becomes 1.586p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is [illegible]

Treasuries continue to firm in spite of mixed data

By Frank McGurty in New York and Sara Webb in London

The firming trend in US Treasury bonds continued for a third session yesterday morning in spite of a mixed bag of economic signals.

By midday, the benchmark 30-year government bond was

GOVERNMENT BONDS

$\frac{5}{32}$ ahead at 87$\frac{22}{32}$, with the yield falling to 7.258 per cent. At the short end, the two-year note was $\frac{1}{32}$ better at 99¼, to yield 5.588 per cent.

The market continued to build on the solid gains of the previous two sessions, suggesting prices may have bottomed out following the sell-off on Monday, when the Federal Reserve moved to tighten monetary policy.

Bonds improved right from the start of trading, buoyed by news of a big jump in unemployment claims for the third consecutive week. The Labor Department said 14,000 more people applied for jobless benefits last week than during the previous seven days, suggesting economic activity slackened more than economists had expected.

However, mid-morning brought complications. The Philadelphia Federal Reserve, which two months ago tripped up the market with its survey of regional business activity, said its current prices-paid index for April was sharply higher. The increase contradicted speculation that fewer manufacturers were paying higher prices than in March.

The disappointment was widespread and bonds immediately dipped. However, the market quickly recovered amid short-covering and retail buying. Traders drew encouragement from a decline in the prices-received index, which suggested higher prices for raw materials were not feeding through into finished goods. The overall index was also softer.

Towards midday, reports began to circulate that the Fed was furtively buying government securities, helping to prop up prices and luring more accounts off the sidelines. Technical Data, the Boston research firm, estimated that the central bank bought $300m in five-year notes and the same amount of 10-year bonds.

■ European government bond prices bounced back yesterday, taking their cue from the stronger turn in the US Treasury bond market. Dealers pointed out that many of the European bond markets had appeared oversold this week, after Monday's rise in short-term US interest rates sparked a heavy sell-off, particularly in the futures pits.

The Bank of France provided the main talking point yesterday, as it cut its intervention rate by 10 basis points – from 5.90 per cent to 5.80 per cent – and lowered its five-to-10-day repo rate by 25 basis points to 6.75 per cent.

The cuts in French interest rates followed the Bundesbank's decision to lower its official discount and Lombard rates by 25 basis points a week ago, and its repo rate by 12 basis points on Wednesday.

Market analysts had speculated on whether the Bank of France would be able to follow the Bundesbank's lead, given that the French franc had weakened against the D-Mark this week. However, the French currency strengthened yesterday and moved back inside its former ERM band of 3.4305 per D-Mark to trade at around 3.4283 to the D-Mark, despite the French interest rate cut.

■ French government bond prices stayed firm across the yield curve, with the OAT due 2004 yielding 6.90 per cent against 6.95 per cent the previous day. The notional bond futures contract traded on the Matif exchange ended 0.02 lower on the day at 120.08, having traded to a high of 120.50 and a low of 119.66.

"Given the economic fundamentals in France, I think French government bonds offer the best value of any of the global government bond markets just now," said Mr Julian Callow, European economist at Kleinwort Benson.

"Some people think there may be another 10 basis point cut in the intervention rate next week, but I think that's too optimistic," said Ms Marie Owens Thomsen, bond strategist at Midland Global Markets. She said it was unlikely the Bundesbank would would pave the way for France to cut again by reducing its own repo by 10 basis points next week.

Mr Jean-Claude Trichet, Bank of France governor said: "The decision to lower interest rates is within the context of internal and external currency stability, the good fundamentals of the French economy, and a desire to accompany the non-inflationary growth that is clearly visible."

■ German government bond futures ended higher after a relatively volatile day. The Liffe bund futures contract opened at 94.47 and traded down in the morning, then picked up after the US opening and rose to a high of 94.74.

The futures contract sold off again in the afternoon and then bounced back to settle at 94.60. Traders said the main domestic story for the bund market remained the upward revision in economic growth forecasts, and the focus on signs that the German economy was gradually pulling out of recession.

■ UK government bonds nosedived in the morning after the release of the UK retail sales figures for March, but then staged a strong recovery to end the day nearly a point higher.

Retail sales volume rose a provisional, seasonally-adjusted 0.8 per cent in March from February, giving a rise of 3.8 per cent from a year earlier.

The March rise was far greater than expected, and gilt prices tumbled as market hopes of a near-term cut in the base rate evaporated. The Liffe gilt futures contract, which opened at 105.26, dropped to a low of 105.10. However, it gradually climbed back to settle at 106.16.

● The Italian treasury should today make the first payments under a new fast-track scheme to refund withholding tax to foreign bond-holders, JP Morgan said yesterday, writes Andrew Hill from Milan.

The scheme came into force at the end of March, replacing the previous cumbersome refund system, which kept foreign investors waiting for up to 12 months for repayments.

Mexico opened to N American financial groups

By Damian Fraser in Mexico City

US and Canadian-based financial institutions will be allowed to open subsidiaries in Mexico from the second half of this year, according to regulations that came into effect yesterday.

The Mexican finance ministry will accept applications from banks, brokerages, insurance and other financial institutions until July 31 this year. The ministry will evaluate applications on that date, and give authorisations soon after.

Non-US and Canadian institutions will be able to apply through their subsidiaries in North America.

Foreign banks will collectively be limited to 8 per cent of total Mexican banking capital this year. If the limit is not reached, the ministry will invite a second round of foreign banks to apply for licenses.

The capital limit for foreign banks is set under the North American Free Trade Agreement, and will grow to 15 per cent in 1999, after which it will be scrapped. An individual bank's capital will be limited to 1.5 per cent of the total.

Foreign brokerages will initially be limited to 10 per cent of the Mexican market, with the share rising in equal increments to 20 per cent by 1999, and to 30 per cent over the following four years.

Foreign insurance companies that already have interests in Mexico will be able to fully-own Mexican insurance companies after 1996; others have to wait until 2000.

The ministry said foreign institutions would have to satisfy requirements similar to those demanded of Mexican entities operating abroad.

Warrant on Swedish stocks is launched

By Tracy Corrigan

SG Warburg Global Equity Derivatives has launched its first issue of covered warrants on a basket of Swedish stocks.

The American-style call warrants are on a basket made up of 50 shares in ASEA, 70 in Ericsson, 80 in Investor, 20 in SSAB and 40 in Volvo. The value of one basket is approximately SKr104,000. One thousand warrants control one basket, and the approximate issue price per warrant is SKr16.3.

The issue was targeted on the back of research by Swedish stockbroking firm Häglöf and Ponsbach. In December, SG Warburg agreed to buy the research and institutional sales business of Häglöf and Ponsbach from Gota Bank.

● Salomon Brothers has launched its second issue of warrants on the recently-introduced 30-year German government bond. The warrants have a one-year life.

● The number of UK equity warrant issues has grown by 13 per cent, to 224 from 198, since the start of the year, according to the McHattie Group's latest warrants directory.

Japan's brokers play down new commission rules

The liberalisation of stock market commissions on Japanese transactions of more than Y1bn has not hurt brokers, according to the Japan Securities Dealers' Association, Reuter reports from Tokyo.

The association said there were not many transactions of more than Y1bn in the current dull market conditions. "I have not heard of any problems following the April 1 liberalisation," said chairman Mr Masaru Aratani. He welcomed the latest move by research institutes to release their own ratings of listed companies.

Doubt keeps issuers away

By Antonia Sharpe

New issuance in the Eurobond market ground to a halt yesterday as continued uncertainty in the secondary markets pushed issuers and investors back to the sidelines.

A news agency report from New York that Hanson, the Anglo-American conglomerate, was considering a global bond offering of $1bn or more enlivened the market in the afternoon. Although the Hanson rumour has surfaced before, the report came as a surprise to most London-based syndicate managers yesterday.

Hanson declined to comment on the report.

Some syndicate managers say the rumour may have been triggered by news that Quan-

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tum Chemical Corporation, a wholly-owned subsidiary of Hanson, planned to redeem some more bonds.

Hanson said the redemption of these bonds would complete the refinancing of all Quantum's public or privately-placed debt, and bring to $2.5bn the amount of such debt it will have redeemed or repurchased since it was acquired by Hanson.

Quantum plans to redeem, on May 22, all of its 6 per cent subordinated exchangeable debentures due May 2011. Calculated on principal amounts, there are currently $46.3m of debentures outstanding.

Elsewhere, Halifax Building Society took advantage of investor demand to increase Wednesday's offering of capped floating-rate notes, to £150m from an original amount of £100m. The four-year notes were trading at 99.52 yesterday afternoon, up from a re-offer price of 99.50.

Italian insurer selects bank team for sell-off

Istituto Nazionale delle Assicurazioni (INA), the Italian state insurance group, has picked a team of banks to manage its forthcoming privatisation, Reuter reports from Rome.

Global co-ordinators of the INA flotation – scheduled for late June – will be Banca Commerciale Italiana, Credito Italiano, Istituto Bancario San Paolo di Torino and Goldman Sachs.

The company is seeking a listing in Italy and the US. Goldman will lead the US share placement in a consortium with Salomon Brothers, Credit Suisse First Boston, Morgan Stanley, Fox Pitt & Kelton and IMI.

Other foreign placements will be handled by National Westminster Bank, Banque Indosuez, the Union Bank of Switzerland, Dresdner Bank, Goldman Sachs and Fox Pitt.

The Italian treasury has not said exactly how much of the insurance group it plans to sell. However, INA executives have said they hoped Rome would offer at least 51 per cent.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/03	107.8500	+1.530	8.27	8.10	7.20
Belgium		7.250	04/04	98.0100	-0.210	7.54	7.15	7.34
Canada *		6.500	06/04	89.4000	+1.800	8.05	8.11	7.58
Denmark		7.000	12/04	97.2700	-0.400	7.37	6.91	6.87
France	BTAN	8.000	05/98	105.6100	+0.100	5.94	5.94	5.76
	OAT	5.500	04/04	90.1400	+0.420	6.90	6.54	6.46
Germany		6.000	09/03	95.9500	-0.210	6.59	6.27	6.42
Italy		8.500	01/04	96.4700	+0.070	9.05†	8.86	9.43
Japan	No 119	4.800	06/99	106.9200	-	3.45	3.49	3.51
	No 157	4.500	06/03	103.5590	+0.350	3.97	3.95	4.10
Netherlands		5.750	01/04	93.3400	+0.620	6.70	6.39	6.47
Spain		10.500	10/03	107.2500	+0.350	9.30	8.84	8.91
UK Gilts		6.000	08/99	93-19	+1/32	7.49	7.16	6.73
		6.750	11/04	92-26	+22/32	7.78	7.80	7.44
		9.000	10/08	109-06	+24/32	7.92	7.81	7.59
US Treasury *		5.875	02/04	92-12	+28/32	6.96	6.94	6.57
		6.250	08/23	87-21	+35/32	7.27	7.26	6.97
ECU (French Govt)		6.000	04/04	90.7000	+0.130	7.35	6.94	6.88

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	3.81	Two year	5.82
Prime rate	6¾	Two month	3.88	Three year	6.03
Broker loan rate	5	Three month	3.84	Five year	6.58
Fed.funds	3¾	Six month	4.34	10-year	7.01
Fed.funds at intervention	-	One year	4.87	30-year	7.30

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	120.28	120.08	-0.02	120.50	119.66	325,019	143,424
Sep	119.46	119.28	-0.02	119.50	118.96	848	12,596
Dec	118.68	118.50	-0.02	118.68	118.68	2	358

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS May	CALLS Jun	CALLS Sep	PUTS May	PUTS Jun	PUTS Sep
120	0.67	1.29	1.62	0.62	1.21	2.42
121	0.23	0.78	1.28	1.16	1.65	2.97
122	0.07	0.40	0.93	1.97	2.29	-
123	-	0.17	0.65	2.94	3.08	-
124	-	0.07	0.45	3.92	-	-

Est. vol. total, Calls 59,837 Puts 43,284. Previous day's open int., Calls 410,824 Puts 316,014.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.47	94.60	+0.32	94.74	94.20	208622	208105
Sep	94.29	94.29	+0.27	94.45	93.95	1049	7789

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
9400	1.08	1.52	0.80	1.50
9450	0.82	1.28	1.04	1.76
9500	0.59	1.05	1.31	2.03

Est. vol. total, Calls 21789 Puts 20852. Previous day's open int., Calls 285284 Puts 281154

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	-	99.87	+0.15	-	-	0	2153

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	110.90	111.51	+0.87	111.74	110.11	71092	84489
Sep	110.20	111.03	+0.85	110.80	109.82	321	1881

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
11050	1.58	2.59	1.42	2.91
11100	1.30	2.37	1.66	3.19
11150	1.08	2.15	1.94	3.47

Est. vol. total, Calls 4567 Puts 1269. Previous day's open int., Calls 81144 Puts 78972

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	97.40	97.64	+0.39	97.67	97.18	65,512	114,368
Sep	-	100.20	-	-	-	-	104

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	105-26	106-16	+0-28	106-24	105-10	112960	145668
Sep	-	105-19	+0-28	-	-	0	198

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
105	2-03	2-46	1-27	3-00
106	1-33	2-18	1-57	3-36
107	1-08	1-57	2-30	4-11

Est. vol. total, Calls 2324 Puts 3157. Previous day's open int., Calls 82677 Puts 70824

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	87.30	86.96	-0.08	87.30	86.58	2,114	8,042

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	104-18	104-26	+0-11	104-29	104-14	427,261	451,018
Sep	103-18	103-26	+0-10	103-30	103-17	2,779	52,824
Dec	102-31	103-04	+0-10	103-08	102-30	279	32,798

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	112.00	-	-	112.19	111.97	3015	0
Sep	110.99	-	-	111.11	110.99	67	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Apr 21	Day's change %	Wed Apr 20	Accrued interest	xd adj. ytd		Low coupon yield Apr 21	Low coupon yield Apr 20	Low coupon yield Yr. ago	Medium coupon yield Apr 21	Medium coupon yield Apr 20	Medium coupon yield Yr. ago	High coupon yield Apr 21	High coupon yield Apr 20	High coupon yield Yr. ago
1 Up to 5 years (23)	122.82	-0.18	123.05	1.18	4.13	5 yrs	7.58	7.57	7.00	7.77	7.77	7.28	7.88	7.82	7.51
2 5-15 years (23)	145.69	+0.38	145.14	1.42	4.84	15 yrs	7.80	7.84	7.91	7.93	7.99	8.32	8.20	8.30	8.61
3 Over 15 years (9)	165.36	+0.53	164.50	2.08	3.76	20 yrs	7.81	7.85	8.15	7.98	7.99	8.46	8.11	8.17	8.68
4 Irredeemables (6)	191.20	+0.67	189.93	4.24	1.47	Irred.†	7.98	8.04	8.56						
5 All stocks (61)	142.48	+0.23	142.15	1.46	4.43										

Index-linked							Inflation 5% Apr 21	Inflation 5% Apr 20	Inflation 5% Yr. ago	Inflation 10% Apr 21	Inflation 10% Apr 20	Inflation 10% Yr. ago
6 Up to 5 years (2)	184.87	-0.02	184.91	0.28	2.53	Up to 5 yrs	3.33	3.31	2.38	2.33	2.31	1.42
7 Over 5 years (11)	179.28	-0.10	179.46	0.66	1.69	Over 5 yrs	3.45	3.44	3.50	3.28	3.25	3.31
8 All stocks (13)	178.97	-0.09	179.14	0.61	1.77							

Debentures and Loans						5 year yield Apr 21	5 year yield Apr 20	5 year yield Yr. ago	15 year yield Apr 21	15 year yield Apr 20	15 year yield Yr. ago	25 year yield Apr 21	25 year yield Apr 20	25 year yield Yr. ago
9 Debs & Loans (73)	133.79	-0.03	133.83	2.15	3.76	8.94	8.94	8.88	9.02	9.01	9.44	9.02	9.01	9.62

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Apr 21	Apr 20	Apr 19	Apr 18	Apr 15	Yr ago	High*	Low*
Govt. Secs. (UK)	95.96	95.67	95.78	96.92	97.51	95.58	107.04	95.67
Fixed Interest	115.10	115.41	115.57	117.13	116.62	111.60	133.87	115.10

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Apr 20	Apr 19	Apr 18	Apr 15	Apr 14
Gilt Edged bargains	123.9	156.9	82.4	79.1	92.0
5-day average	106.9	99.9	85.5	85.8	88.9

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Shorts* (Lives up to Five Years)						
Exch 13½pc 1994	13.50	-	100		102⅝	100
Treas. 10pc Ln. 1994‡‡	9.93	5.13	100$\frac{23}{32}$	-$\frac{1}{32}$	102$\frac{1}{32}$	100$\frac{23}{32}$
Exch 12½pc 1994	12.20	5.13	102½	-$\frac{1}{32}$	104$\frac{23}{32}$	102½
[illegible]						

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Treas 11¾pc 2001-4	9.81	8.25	117$\frac{1}{16}$	+$\frac{3}{4}$	129$\frac{11}{32}$	116$\frac{23}{32}$
Funding 3½pc '99-4	4.66	6.90	75$\frac{1}{16}$	+½	86$\frac{3}{16}$	74⅝
Conversion 9½pc 2004	8.58	7.94	110$\frac{23}{32}$xd	+$\frac{3}{4}$	125$\frac{3}{8}$	110¼
Treas 6¾pc 2004‡‡	7.28	7.75	92$\frac{23}{32}$xd	+$\frac{7}{8}$	105⅛	92$\frac{1}{4}$
[illegible]						

Index-Linked	Notes (b)	Yield (1)	Yield (2)	Price £	+ or -	1994 High	1994 Low
Treas. 2pc '94	(102.9)	-	-	137⅞		137⅞	136$\frac{13}{32}$
2pc '96	(67.9)	2.03	3.17	198½		203⅝	198$\frac{3}{8}$
4⅝pc '98‡‡	(135.6)	2.44	3.20	107½xd	-⅛	113$\frac{3}{8}$	107⅞
[illegible]							

Other Fixed Interest

[illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on April 21

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	92¼	92½	+½	7.72
AlbertaProvince 9⅜ 95	600	104¾	105⅛		5.95
United Kingdom 7¼ 97	5500	103⅛	103⅜		6.02
Volkswagen Intl Fin 7 03	1000	93⅝	93⅞	-⅜	7.17
World Bank 0 15	2000	25½	25⅞		6.51
Abbey Natl Treasury 8 03 £	1000	98½	98¾	+⅛	8.57
Alliance Leics 11¾ 97 £	100	109⅝	110	-¼	7.70
British Land 8⅞ 23 £	150	91⅝	92⅛	+¼	9.98
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

LLOYDS / CHELTENHAM & GLOUCESTER

The staid world of building societies will never be the same after the takeover of Cheltenham & Gloucester by Lloyds Bank. Bringing the backing of an ambitious bank to an aggressive low-cost society will create a powerful new group. Large societies will face stiff competition while smaller societies will become vulnerable to consolidation.

Share price for Abbey National slips as investors wonder if it will be a casualty of new organisation

City shows its approval for the merger

The wide divergence of the share prices of Lloyds Bank and Abbey National yesterday indicated the size of the stone thrown into the stagnant pool of the UK retail financial services market by Lloyds' £1.8bn bid to be the first bank to take over a building society.

The rise in Lloyds shares was a vote of faith not only that it was paying a good price for the country's sixth biggest society but that the two organisations together would be a menacing new force in the mortgage market. Abbey National, the former building society, would be an obvious casualty.

The logic of a large bank joining forces with a building society is obvious. The gradual consolidation of the society movement from 110 societies in 1991 to 84 today is part of a process by which the UK mortgage market is increasingly dominated by a shrinking number of powerful players.

The slump in the UK housing market has reduced the total market heavily. Total net new mortgage lending was £16.9bn in 1993, compared to £18.3bn in 1992, and £33.2bn in 1990. At the same time, banks have strongly stepped up their competition with societies to sell new mortgages.

Banks' market share of new advances rose to 39 per cent this year, compared with 21 per cent in 1992, as they used cheaper wholesale funds to undercut societies. Societies have to rely more heavily on retail deposits, which they have to use to fund 60 per cent of mortgages under law.

British banks are facing very weak loan demand from small and medium-sized companies, which makes them eager to sell more mortgages. But despite their flexibility, they have not sold as many mortgages as they would like. Only 4 per cent of Lloyds customers have mortgages with the bank.

Mr Brian Pitman, Lloyds' chief executive, attributes this to greater specialist knowledge of how to manufacture and distribute new products by societies. Banks have also failed thus far to break decisively the British perception that a society is the natural place to buy a mortgage.

A second advantage for a bank is that it diversifies the earnings stream from cyclical corporate lending. Despite the savage slump in house prices in the late 1980s, the total bad debts of the top 20 societies last year were less than Barclays' £1.9bn provisions against bad lending.

Mr Pitman has constantly emphasised that Lloyds must push down its cost of capital in order to boost return on equity. Somewhat improbably, he attributed a large part of the rise in Lloyds' share price yesterday to a reduction in the cost of capital arising from a diversified earnings stream.

From the point of view of societies, acquisition by a bank has clear attractions. First, it breaks the wholesale funding limit which societies are pressing the Treasury to raise. Cheltenham & Gloucester only funded 25 per cent of mortgages from wholesale funds, but others are more pressed.

More importantly, acquisition by a bank gives a society at least theoretical access to a much wider distribution channel. Lloyds has 1,930 branches compared to the 230 C&G branches, and also offers it the potential of selling mortgages through Lloyds Abbey Life and financial services agencies.

This was the heart of the reasoning which led Mr Andrew Longhurst, C&G's chief executive, to approach Lloyds through C&G's investment banking adviser, JP Morgan, last autumn. He believed there was an urgent need to find ways of selling more products – and raising income – from the same cost base.

Wide distribution of mortgages through few branches has been the reason why C&G has achieved an extremely low ratio of costs to income of 26 per cent, compared with a 48 per cent average ratio for the top 10 societies. Mr Longhurst thought it could only improve this ratio with more income.

C&G is already strongly dependent on other sources of income than its branches. Only 20 per cent of business comes from branches, with 22 per cent of mortgage loans being made to existing borrowers, and 58 per cent coming through referrals from independent financial advisers.

"The key to Cheltenham & Gloucester is that we stuff more product through fewer branches, but thereby hangs the problem," said Mr Longhurst yesterday. "We have not got very good distribution in a static market, and if we can get extra distribution somehow, we can push down costs more."

For all these reasons, the two men are confident that they had struck a large blow to others. They will together supply 7 per cent of domestic mortgages, and become the fourth largest mortgage provider. Mr Pitman said that both Halifax Building Society and Abbey National would be in his sights.

Mr Pitman said that both Halifax Building Society and Abbey National would be in his sights. "This will definitely change the competitive equilibrium of the market," the Lloyds' chief executive said. "Some of the small societies may combine with others."

"This will definitely change the competitive equilibrium of the market," said Mr Pitman. "Some of the small societies may combine with others. There might well be other societies approaching banks to take them over. Whether they can get as good a deal out of them is another matter." Yet the apparent logic of the deal – combined with support from the deal from ratings agencies and analysts – raises the question of why it has not happened before. In fact, the big regulatory, cultural and structural differences between societies and banks have prevented such moves. The regulatory hurdle is the Building Societies Commission, whose guidance against third parties such as banks making payments to members will be tested in the High Court in May. Although the commission is officially neutral, it is thought to be cautious about its charges being taken over.

This was thought to be one factor behind the failure of the only previous attempt of a bank to take over a society. The bank was a vehicle called Bank of Edinburgh which abandoned its attempt to acquire the Heart of England society for reasons thought to include regulatory difficulties.

The structural problem is that because societies are mutual organisations, it would be virtually impossible for a bank to take one over without the agreement of the board. The stiff requirements for members' approval in most societies' rules mean that boards could easily scupper hostile bids.

These voting requirements also mean that even with the approval of top managers, a society may be difficult to acquire. Although many of C&G's 1.4m members will be happy to accept the £500 minimum offer, the bid could easily come unstuck if a hostile lobby group emerges among them.

Lloyds has tried to prevent the possibility of fuel being added to such a fire by agreeing with C&G that its board will not recommend any other offer within a set period. But if another bank made a larger offer, it could be hard for C&G's board to resist putting it to members indefinitely.

Both men were sounded confident on this point yesterday. Mr Longhurst said it would be hard for another bank to make an offer mixing cash with shares because of the difficulty of dividing payments to members. "I do not think it would be easy for anyone else to participate," said Mr Pitman.

Yet even if such hurdles are surmounted by next year, the theoretical attractions of the relationship could yet prove difficult to achieve in reality. C&G was careful to set its terms for an acquisition, insisting on maintaining its managerial independence and a separate board.

In order to maintain this divide without tension between the two organisations, C&G will have to fulfil what for the moment remain theoretical attractions. If Lloyds cannot in practice sell many more mortgages through its branches with the society's help, the vision will not succeed.

Mr Pitman insisted that Lloyds in any case did not want to tinker with C&G's winning formula. "We knew we were buying a brand, and we knew that if we damaged the brand we would destroy what we had bought." He said Lloyds had also supported the idea of maintaining a separate board.

Yet both men admit that the theoretically attractive and amiable alliance would come under severe strain if C&G failed to perform as expected under Lloyds' umbrella. "In a disaster scenario, if you own something 100 per cent, then you have to do something about it," said Mr Pitman.

"To a certain extent, we have to take it on trust," said Mr Longhurst. "But the price they are paying suggests that they value what we are doing and they are not going to mess around with it too soon." That was the mood in both organisations yesterday; it remains to be seen how long it lasts.

John Gapper

Rest of sector given something to think about

The news of the deal filtered through yesterday to the annual meeting of Woolwich Building Society, where the question was raised most pertinently by an investor in both Woolwich and Cheltenham & Gloucester.

Her intervention was perhaps the first pointed example of what may become a trend. "Other societies' investors may be asking themselves how much their society would be worth," Mr Andrew Longhurst, C&G chief executive, said.

The deal also poses a difficult question for building society managements.

The common theme of societies' reactions was that C&G had been widely expected to do something. Its character of being a niche society in the mortgage market meant that what would make sense for C&G would not necessarily make sense for other large societies.

Even so, at least one leading society is holding a special senior management meeting today to discuss the issues arising from the deal. Mr Longhurst was right to envisage his equivalents scratching their heads.

Societies, however, are cautious and conscious of the benefits they derive from being mutuals. There is no sign of an immediate stampede to follow C&G into plc status, though in the longer-term the deal does make it more likely that societies will convert.

"It does not change our position on mutuality," said Mr Mike Blackburn, chief executive of Halifax Building Society, the UK's largest. "The last five years' results have clearly demonstrated our ability to compete effectively as a mutual with the best in the financial services industry."

Similarly, Mr Peter White, chief executive of Alliance & Leicester commented merely that it was all the more important to continue with the strategy the group had been developing.

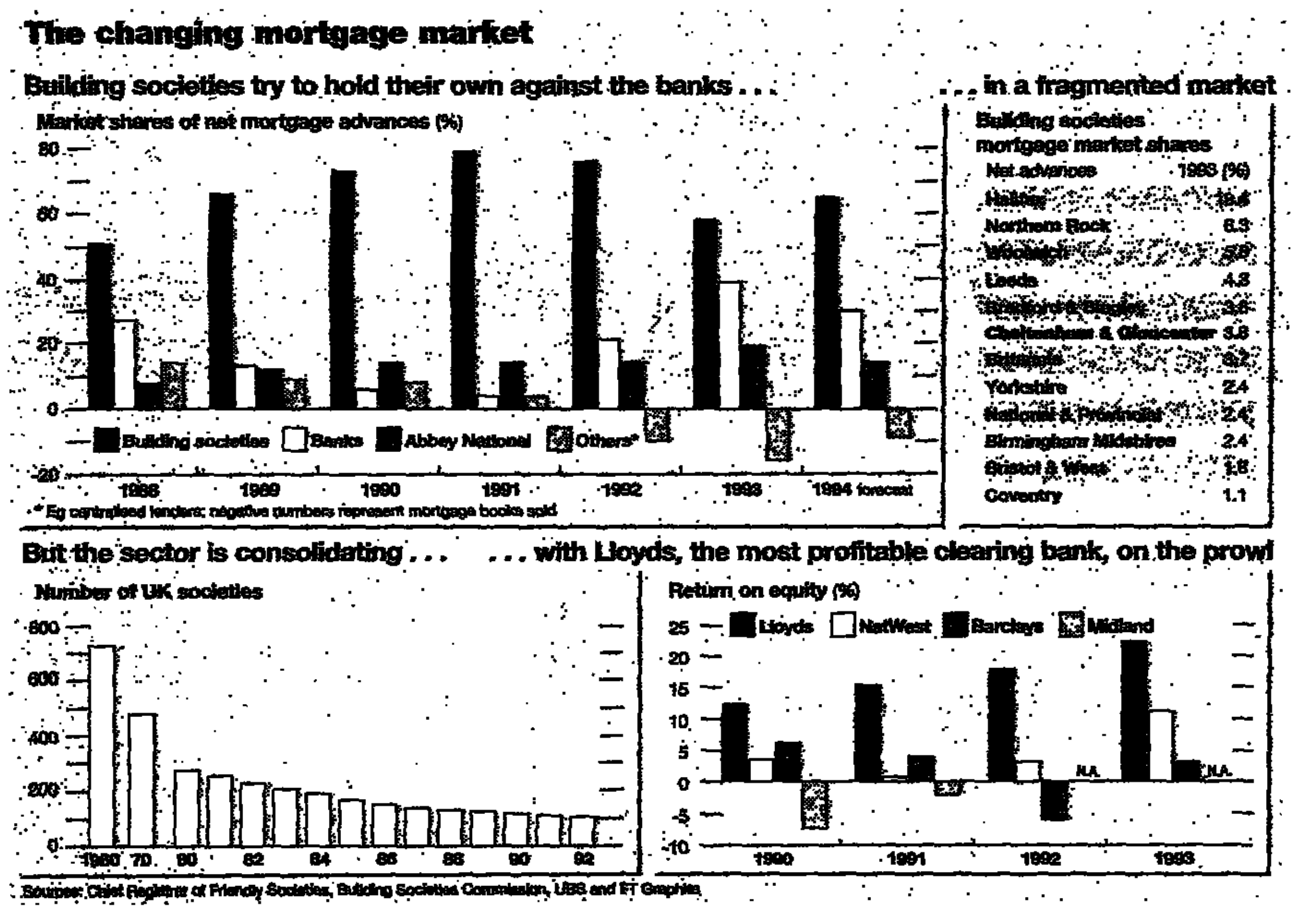
Others see more fundamental changes. Mr Peter Robinson, Woolwich managing director, for example, saw the deal as potentially meaning the end of the traditional building society merger, by having changed the scale of incentives that are be offered to members.

It will also increase the pressure for radical changes from the review of the Building Societies Act being carried out by the Treasury. The results of the first stage are due to be announced next month.

Mr Tim Melville-Ross, chief executive of Nationwide, the second largest society, is among those advocating that legislative constraints on societies should be abolished, in order to allow them to compete more effectively.

And as smaller and weaker societies worry how the presence in the mortgage market of the powerful combination of Lloyds and C&G will undermine their ability to compete, there is another, perhaps brighter, side for them to consider. The revived interest of banks in building societies may mean that there is a new category of potential rescuers for them if they do fail.

Alison Smith



City debates the value of offer to C&G members

While Cheltenham & Gloucester members might think £500 a good price for something they did not realise they owned, the Lloyds Bank offer prompted a debate in the City over how much the building society is really worth.

On the most widely used measure, the price/earnings ratio, Lloyds is getting a bargain. On the basis of C&G's 1993 net profits of £132m, after provisions for bad and doubtful debts of £75.9m, Lloyds is paying only 13.6 times earnings, while shares in Abbey National, the building society turned bank, trade on 15 times historic earnings.

Yet both sides of the debate argue that this is the wrong yardstick and, given the lack of market comparisons, adopt more fundamental valuations.

JP Morgan, C&G's financial adviser, based its valuation on a dividend discount model.

Mr Terry Eccles, a JP Morgan managing director, explained: "It is a company's long-term dividend paying capacity that really determines its value. Then you add something to give a reasonable acquisition premium."

The fundamental valuation was arrived at by taking management's five-year forecasts for growth in profits and assets, estimating the reduced capital to assets ratio the Bank of England would require of C&G after converting to a bank and then calculating the excess capital it could pay out in dividends. Discounting the whole stream back to the present gives the valuation.

Taking this valuation JP Morgan then compared measures such as the implied prospective price/earnings and price/assets ratios with those of a selection of banks, including Abbey National. "The numbers were not too far out, although Abbey National was at a relative premium," said Mr Eccles.

But some analysts believe the valuation is far lower than a purchaser could afford.

Mr Martin Hughes, banking analyst at Credit Lyonnais Laing, said: "When valuing a business you need to look at the internal generation of capital and C&G is very capital generative.

"C&G is likely to have retained profits of around £170m this year. So assuming 10 per cent annual growth in its balance sheet [which was £864m at the end of 1993] that leaves £90m of surplus capital."

Mr Hughes is assuming that C&G's assets will have reached £1.04bn by the time the deal is concluded in 15 months, leaving Lloyds goodwill of £760m. But at that rate of generation of surplus capital, that sum would be made up in only eight years.

Mr Hughes says a third party could afford up to £2.5bn, without accounting for C&G's market position.

David Wighton

Customers likely to get bonanza pay-out

Cheltenham & Gloucester customers stand to receive a bonanza if the deal with Lloyds Bank goes through as planned and if the Building Societies Commission approves the decision to divide the £1.8bn between C&G's staff and 1.4m customers.

That C&G should have managed to negotiate such generous terms with Lloyds is perhaps fitting, since it was C&G which set the fashion for paying bonuses when it took over Guardian building society in 1990.

"There is nothing to touch this," said Mr John Wriglesworth, building societies analyst at UBS. All C&G customers as of March 31 1994, will benefit once the takeover is completed.

● **Borrowers**

Those who have a mortgage will receive a cheque for £500 for each mortgaged property. Those in arrears will receive £500 credited to their mortgage account.

● *Savers*

A distinction is drawn between savers who are voting members and those who are not. Those who hold a share account, such as Cheltenham Gold, London Share, Instant 7 or the society's tax-exempt special savings account are automatically voting members, as are borrowers.

But of C&G's 1m investors, 60,000 are not members and a further 180,000 – children and those with a balance of less than £100 – are members without voting rights.

All savers will receive a percentage – expected to be 10 per cent – of the balance in each of their investment accounts, to a maximum of £10,000 per account, as long as the account was open on March 31 and remains open until the takeover is completed. The 10 per cent will be calculated on the lower balance at March 31 1994, or on the completion date. Children's accounts also qualify for the pay-out.

In addition, investor voting members will receive £500 as long as they were members of the society at December 31 1993. Trustees who are voting investors also share this benefit. A borrower with a share account would be able to pick up two lots of £500 as well as the percentage balance payment.

● **Creditors**

Investors in the society's permanent interest-bearing shares on or before March 31 1994, are entitled to £500 if they are a voting member, as well as a percentage of the balance.

Scheherazade Daneshkhu

Marathon trek into the unknown has now begun

With the firing of the starting pistol yesterday, the deal between Lloyds and Cheltenham & Gloucester will now begin a marathon trek through the regulatory thicket in its path.

Some parts of the path are untrodden, even by Abbey National, which converted to a bank in 1988.

The deal is not expected to be concluded for more than a year. Before then there are some complex and precise procedures C&G must undertake in order to shed its mutual status and become a bank.

The first stop will be the High Court, probably late next month. What happens there, in what is being billed as a friendly action brought jointly by C&G and the Building Societies Commission, the statutory regulator, will determine whether the deal can go ahead. The Commission has been seen as being hostile to takeover of societies by non-societies.

There are two points on which both sides are seeking clarification.

The Commission's concerns focus on the parts of the 1986 Building Societies Act which relate to cash payments. Can a "third party" make payments to a society's members and can cash be distributed to anyone who has not been an investing member of the society for at least two years?

In 1989, the Commission issued guidance to members saying that these restrictions applied. This has been seen as a deterrent to takeovers but the lawyers for C&G and Lloyds clearly think there is room for doubt.

Beyond that obstacle C&G still has to be approved as a bank by the Bank of England. This is likely to take place over the summer and will involve independent auditors looking at the books.

C&G's statutory transfer statement, due to be sent to all members in the autumn, must be signed and approved by the Commission as accurate and containing all the material information members will need to make a decision.

A Lloyds Bank extraordinary meeting has been scheduled for mid-November. A special general meeting of C&G, which all the society's qualifying members, totalling more than 1m, are entitled to attend and vote, is pencilled in for later the same month.

The proposals for the C&G meeting must be approved by two separate resolutions for borrowers and investors.

A simple majority of those voting is sufficient for borrowers' consent. The position for voting investors, however, is more complicated.

Either it must be supported by 75 per cent of those voting, with a minimum turnout of 50 per cent or it must win the consent of those holding 90 per cent of the total value of shares held on voting day. The second alternative may be particularly relevant given the structure of the sweeteners.

If all goes smoothly, C&G will probably apply to the Commission for confirmation of the deal in March next year. Even then, the Commission can hear representations from interested parties – mainly members – if there are any who believe that the process has not been properly handled.

Assuming all has gone well, that should be the end of the relationship between the Commission and C&G.

Alison Smith

Pitman confident takeover will not be his final flourish as bank chief

On Wednesday night at a cocktail party in the City, a finance director of one of Britain's largest banks was musing about the last few years of Mr Brian Pitman as chief executive of Lloyds. "Has he left it too late to buy something? Would he have time to make an acquisition work now?" he asked.

They have been the most asked questions at gatherings of British bankers in the last year. As Mr Pitman's retirement looms, speculation has grown about how he will finish his career at the helm of the UK's most successful bank.

Mr Pitman's strategy of concentrating on using his bank's UK branch network to sell financial products which undercut rivals on price has led to increasing questions over what his next step will be. He has done little to dampen speculation that he needed an acquisition to maintain momentum.

Mr Pitman took over as Lloyds' chief executive in 1983 after spending nearly all his career in the bank. Together with Sir Jeremy Morse, the previous chairman, he set a strategy of narrowing the range of the bank's business.

The strategy was noticeably successful in avoiding some of the traps encountered by other banks in areas such as lending to large companies and operating retail banks in the US. But Lloyds' share price has underperformed in the past 18 months as questions have grown about the next stage.

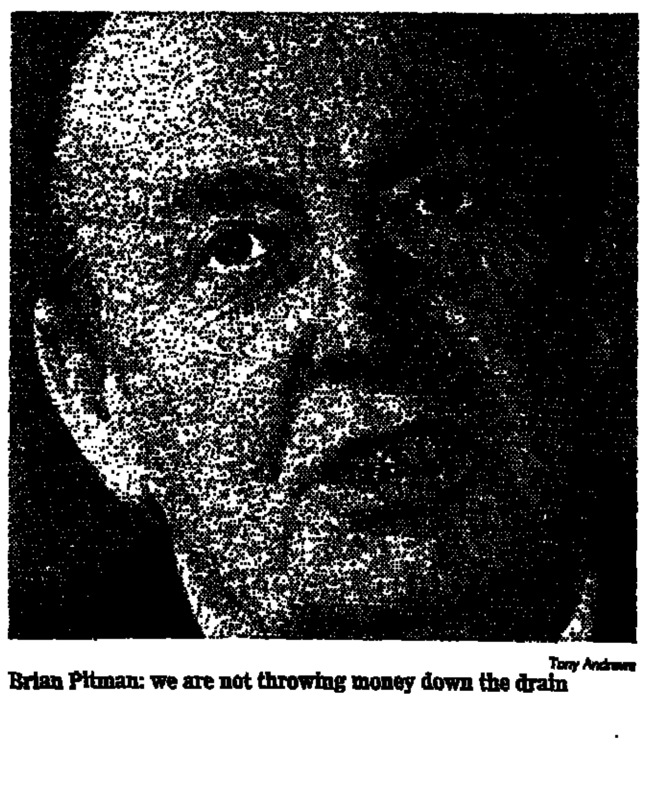
The questions have surfaced with renewed urgency since Lloyds declared pre-tax profits of £1.01bn last year, and strengthened its tier 1 ratio of capital to risk-weighted assets to 6.6 per cent. The bank appeared to be starting to generate cash for which it had no obvious use.

Analysts and bankers started to ask whether Mr Pitman might make an error in rushing into the wrong acquisition before 1995, the year he is due to retire. Mr Pitman expressed some satisfaction yesterday that he had not done so, and the rise in the bank's share price showed others agreed.

"We are not throwing money down the drain, which is what everyone feared," he said. But although the purchase would leave Lloyds with little spare cash, Mr Pitman was careful to quash the notion this was definitely his last flourish.

"I have got another opportunity on my desk today which came out of the blue. I'm not telling you what it is," he said. It seems there is plenty of room for speculation yet.

John Gapper


Tony Andrews

Brian Pitman: we are not throwing money down the drain

Wm Low at £12m aided by property gain

By Neil Buckley

Shares in Wm Low jumped by 9p to 147p yesterday, after the Dundee-based grocery retailer announced an increase in interim pre-tax profits from £10.9m to £12.1m and said margins were stabilising.

Mr Philip Spicer, chief executive, said that while price competition had knocked 0.5 per cent off of the company's gross margin in the 28 weeks to March 19, an "element of stability" had returned to the market.

"Everyone has looked over the precipice, seen what is down below, and decided they don't like it," he said.

Wm Low had been hit by price competition sparked off by J Sainsbury's "Essential for essentials" promotion which began last October, as well as by discounters such as Shoprite. But price pressure had eased recently.

The profits figure was flattered by a £5.03m exceptional gain on property disposals, including the Coatbridge retail park.

Operating profits actually declined from £11.6m to £8.53m, due partly to one-off store closure costs of £600,000 and costs of £200,000 covering redundancies at head office.

The interest charge increased from £655,000 to £1.48m.

Mr Spicer said the company was starting to benefit from economies of scale after closing smaller, underperforming stores.

It had closed its remaining 12 small stores, and opened four larger stores. The average size of its 56 stores was now 16,500 sq ft.

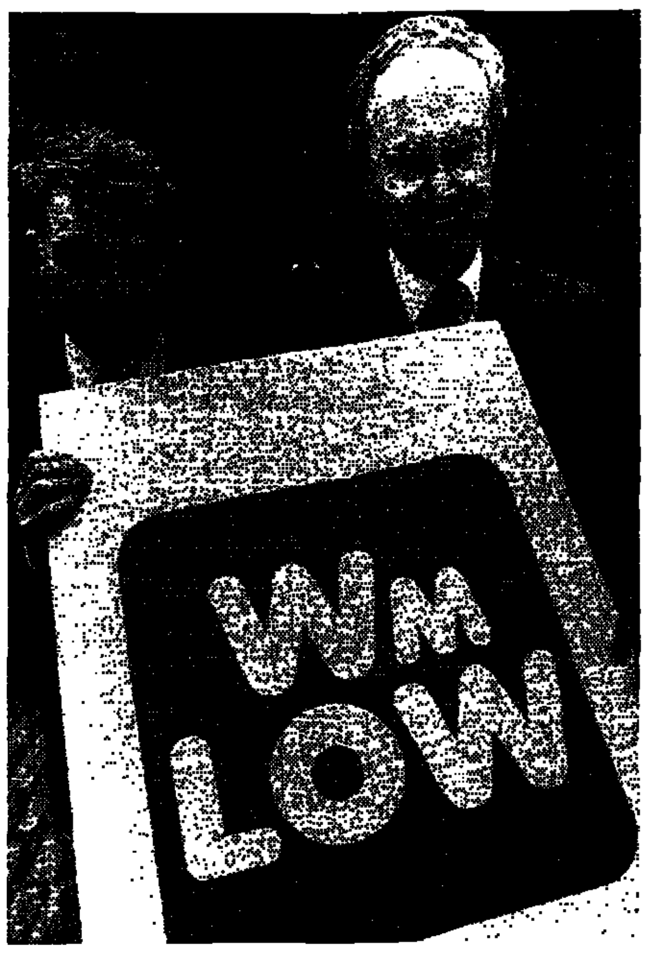
Total sales increased by 2.5 per cent to £246m (£240m), thanks to an 8.2 per cent increase from new stores.

The interim dividend is unchanged at 2.7p.

Earnings per share increased to 15p (13.34p) basic and from 12.01p to 13.23p fully diluted.

● COMMENT

Yesterday's news from Wm Low was somewhat brighter than its gloomy January trading statement – as reflected by the share price reaction. Its claim that stability was returning to the market echoed those of the big superstore groups. But Scotland, a focus for expansion by both discounters and the large multiples, will become increasingly competitive, and Wm Low could be squeezed in the middle. With a low-key expansion programme in a low-growth, low-inflation environment, Wm Low can hope for slow earnings growth at best. Full-year forecasts of £15m, excluding the property gain, put the shares on a multiple of 8.5, a discount to the sector which reflects the unexciting prospects.



Ashley Ashwood

Cheered by signs of element of stability returning to market, James Millar (left) chairman, and Philip Spicer

Helical Bar net assets increase 81%

By Simon Davies

Helical Bar, the property investment and development company run by Michael Slade, yesterday announced an 81 per cent increase in net assets, and unveiled a £110m property development programme.

The asset valuation of 299p a share (fully diluted) exceeded brokers' expectations, and Helical Bar's shares rose 13p to 344p.

Pre-tax profits for the year rose 12 per cent to £6.58m (£5.88m), however, this reflected the £7.2m fall in interest payments, from lower interest rates and the reduction of debt, due to a £20m convertible preference share issue. Net borrowings amounted to £80m at the year end, representing gearing of 95 per cent.

Profits after tax and preference dividends fell to £4.39m (£4.73m), but a recommended final dividend of 3.3p makes an increased total of 5.8p (4.8p) for the year.

After three years of disposals and the write-down of property valuations, Helical moved back into the property market last spring, and it invested £60m in properties and development sites during the year to January 1994.

The company upwardly revalued its investment portfolio by £14m, after suffering £3.3m in write-downs in 1992/1993. It also carries an estimated £3m surplus on its trading properties, but this is not included in its asset valuation.

Helical Bar's overall strategy is to achieve rental income comfortably above interest and administration costs, and add spice through its development and trading activities.

In 1993/1994, these costs amounted to £7.4m, compared with gross rental profits of £12.1m.

Henry Boot ahead 7% to £7.6m

By Andrew Taylor, Construction Correspondent

Henry Boot, the Sheffield-based contractor, housebuilder and property developer which has withstood the recession better than many of its rivals, increased pre-tax profits by 7 per cent, from £7.08m to £7.59m, in 1993.

Turnover advanced to £165m (£129m). The group is proposing to raise its final dividend from 4.3p to 4.8p, increasing the total for the year by 10 per cent to 6.5p (5.9p). Earnings per share increased from 18.9p to 20p.

The company said that operating profits rose by a fifth, which compensated for a reduction in interest received.

Contracting, however, remained difficult with prices "ludicrously low". The market continued to suffer from overcapacity and remained very competitive.

Public spending cuts and tax increases had increased the anxiety felt by the industry while the recovery was "fragile at best".

Nonetheless, the company said the number of homes completed last year had risen by 62 per cent, with profits and sales benefiting from a change in the mix of house types and lower interest rates.

It expected to increase further its investment in housebuilding as well as expanding its interests in commercial property as those markets recovered.

Significant progress had been made in obtaining additional lettings and rental increases which would benefit the group over the next few years. The cash position had improved in spite of increased spending on land purchases.

Oriel turns in £1m for first quarter

Oriel Group, the insurance broker, reported a pre-tax profit of £1.06m in the first quarter of 1994, against a loss of £146,000 last time.

The group, having completed the restructuring which began in 1992, made an operating profit on continuing activities before exceptionals of £1m for the whole of 1993. But the inclusion of discontinued activities left a pre-tax loss of £1.88m (£74,000) for the year.

However, reflecting the group's underlying profitability and the expectation of further progress this year, the final dividend is a same-again 3p for a maintained total of 5p.

Full year losses per share were 8.9p (5.8p), but this had improved to earnings of 2.9p (2.4p losses) for the first quarter.

The full year loss was struck after a £1.6m write-off arising from the disposal of Hayward & Company, while in addition, further provisions of £200,000 were charged.

Warranty Holdings, the new car warranties company acquired during the year, turned in a 1993 pre-tax profit of £2.01m.

SB rises to £353m despite decline in European sales

By Daniel Green

Strong growth in US drugs sales volume failed to offset declines in Europe during the first quarter of 1994 for SmithKline Beecham, the healthcare group.

Total drugs sales fell by 1 per cent to £874m (£886m), although with currency effects stripped out, the sales were 1 per cent up.

Better performances from the other divisions – animal health, consumer healthcare and clinical laboratories – pushed group pre-tax profits up by 15 per cent to £353m (£307m), resulting in earnings of 8.7p per share, against 7.5p.

The dividend for the quarter is raised by 18 per cent to 3p, reflecting "management's confidence in the future of the company".

The shares rose 8p to 372p, reflecting the drugs sector's recently acquired responsiveness to yield considerations.

Group turnover was £1.48bn (£1.53bn), a figure depressed by the sale of the personal care business, which contributed £53m in the first quarter of 1993.

The pharmaceuticals division was clearly split between sharp rises in sales for newer products and declines for more established drugs.

Sales of ulcer treatment Tagamet, whose US patent expires next month, were 3 per cent lower in constant currency terms at £153m.

Sales of antibiotic Augmentin, the company's biggest product, fell by 8 per cent to £191m. It was hit by measures implemented in January to cut Italy's drugs bill which also affected other SB products. Some of those measures have since been reversed.

The best-performer of the newer drugs was anti-depressant Seroxat/Paxil, with sales up sharply to £77m.

New launch Kytril, an anti-emetic for chemotherapy patients, more than doubled sales to £29m. It is competing directly with one of the stars of Glaxo's portfolio, Zofran.

The group's over-the-counter medicines business, which should receive a further boost in the second quarter with the launch of an OTC version of Tagamet, increased sales by 11 per cent to £150m.

See Lex

British Dredging up 81%

By Jonathan Evans

Improved margins, rather than a higher volume of business, helped British Dredging, the building materials, ship repairing and concrete products group, to pre-tax profits of £1.91m for 1993, up 81 per cent from £1.06m last time.

Underpinning the rise was an improved operating profit of £1.38m (£232,000), slightly offset by reduced interest income of £172,000 (£457,000).

Turnover increased to £36m (£33.7m). Mr Fane Vernon, chairman, said this was due almost entirely to a full year's trading from the Selco Trade Centre, Cardiff, which opened in July 1992.

The group plans to invest in more building materials distribution outlets, with one opening next year and others to follow. Locations for the new centres have not been revealed.

Mr Vernon said the group would make further progress as the volume of business grew. He believed that this would happen this year, "although there is very little sign of it yet". He added: "BDC Concrete Products, which used to be one of our star earners, has shown slightly improved volumes of business."

Earnings per share rose by 86 per cent to 7.91p (4.26p). A final dividend of 3p is proposed, making a total of 5.6p (5.2p).

Oxford Molecular for market with £29.5m tag

By David Wighton

Oxford Molecular, the first company to be spun out from Oxford University, will be valued at £29.5m when its shares start trading on the Stock Exchange next Thursday following a £10m placing.

Mr Tony Marchington, co-founder and chief executive, said he was very pleased with the price, particularly in view of recent problems in the new issue market.

"In spite of the tightening in the market in the last two weeks, the price is exactly the same as we first discussed last May."

Mr Marchington's stake will be valued at about £1m, although he has agreed not to sell any shares for two years.

The company, which supplies computer software for use in drug design, suffered a £1.2m loss on revenues of only £1.4m last year.

Mr Marchington said that after the placing he had telephoned Professor Tony Rees, one of the company's four co-founders.

"I told him I haven't had this buzz since I was 17 and got the note offering me a place at Oxford."

The shares were placed at 80p by brokers Henry Cooke, Lumsden.

Pelican considering bid for Forte café chain

By Tim Burt

Pelican Group, the acquisitive restaurant operator, was yesterday said to be considering a bid for Dome, the café chain owned by Forte, the hotels and restaurants group.

The London-based company is thought to be arranging finance for an agreed bid, which could involve a rights issue to raise more than £10m.

Such a move would signal the next stage of the expansion strategy pursued by Mr Roger Myers, Pelican chairman.

Unveiling a threefold increase in profits earlier this year, he said: "We are now in a position to continue our strategy of creating multiple restaurant chains. We have many concepts available for expansion throughout the UK."

The acquisition of Dome – comprising 10 restaurant bars in London, one in Cambridge and one in Oxford – would lead to a 36 per cent expansion of Pelican, which already operates 28 outlets.

Industry analysts said Forte had already been involved in inconclusive talks over the future of Dome and were ready to sell it.

Although the group refused to comment yesterday, it is understood to be considering a disposal in order to focus on its core hotels and roadside catering businesses.

Cluff Resources cuts losses

By Kenneth Gooding, Mining Correspondent

Cluff Resources, the mining group which yesterday reported a reduced loss of £218,000 for 1993, expects to join the world's top 50 gold groups in 1995-96 by producing more than 130,000 troy ounces a year.

Mr Algy Cluff, chairman, said: "I am confident that we are at the threshold of a substantial improvement in our group's fortunes."

There were losses of £2.54m in 1992, re-stated to take account of its recent acquisition of Aberfoyle, which has agricultural and industrial interests in Zimbabwe.

Cluff produced 59,860 ounces of gold last year, down from 72,238 in 1992, primarily because of a mill breakdown at the Freda Rebecca mine in Zimbabwe. Mr Cluff said output would bounce back to between 70,000 and 76,000 ounces this year.

Full production at the recently-acquired Ayanfuri mine in Ghana should start at an annual rate of 30,000 ounces in 1995.

Cluff's new gold loan – Zimbabwe's first – carrying interest at 5.6 per cent would cut interest payments substantially this year after a jump from £631,000 to £1.41m last year.

Net losses were £762,000 (£3.94m) or 1p (5.4p) a share.

The company is not paying a dividend for the third successive year.

NEWS DIGEST

Goode Durrant shares jump

Shares in Goode Durrant jumped 18p to 184p yesterday as the specialist vehicle and equipment hire group said pre-tax profits for the year to April 30 would be ahead of market expectations.

There was higher-than-expected demand in its rental businesses since the start of the year, particularly at Northgate, the commercial vehicle hire arm, which saw strong trading growth in a traditionally quiet period.

The results are due to be announced in mid-July.

Molyneux Estates

A period which saw the acquisition of full control of the Overgate Centre, Dundee and an £8.7m share issue resulted in a return to profit at Molyneux Estates, the USM-quoted property investor, in the six months to December 24.

Pre-tax profit of £357,000 compared with a loss of £548,000 in the previous first half, restated to reflect the changed treatment of Overgate.

Turnover increased by 19 per cent to £2.28m (£1.92m).

Earnings of 0.84p per share compared with losses of 1.35p; a maiden interim dividend of 0.75p is declared.

Fleming Japanese

Fleming Japanese Investment Trust had a net asset value of 258.2p at March 31 compared with 198.7p a year earlier and 244.7p at the September 30 year-end.

There were net losses of £250,000 for the six months, against profits of £166,000. Losses per share amounted to 0.15p (0.14p earnings).

Ldn Amer Growth

Net asset value per share of London American Growth Trust rose from 55.9p to 64.5p over the 12 months to March 31. The comparative figure has been adjusted for the capital repayment of 18.5p a share last August.

After-tax revenue amounted to £105,000, against losses of £14,000. There were earnings per share of 0.07p against losses of 0.08p.

United Energy

United Energy, the USM-quoted oil and gas production company, reported lower pre- and post-tax profits of £23,000 for 1993 after increased interest charges. Profits in 1992 were £58,000.

Turnover was 7.5 per cent higher at £3m (£2.79m), generating operating profits of £226,000 (£63,000). The net interest charge jumped from £5,000 to £203,000.

Mr John Billington, chairman, said the result had been marred by falling oil prices.

Earnings per share slipped to 0.1p (0.2p).

British Empire Secs

British Empire Securities and General Trust reported a basic net asset value of 107.88p per share as at March 31, up from 92.82p at end-September and 78.66p at end-March 1993.

The fully diluted figure was 103.57p per share, against 89.83p and 76.97p respectively.

A substantial increase in interest payments following October's debenture stock issue left net revenue at £374,144 (£771,589), equivalent to earnings of 0.28p (0.59p) per share.

The interim dividend is maintained at 0.25p.

Ethical Holdings

Ethical Holdings, the pharmaceuticals group which is quoted on the Nasdaq market in the US, reported increased net losses of £2.36m for the six months to February 28, against £933,000. Revenues advanced by 17 per cent from £2.96m to £3.47m.

Losses per share were 17p, against 10p.

IFG

IFG Group, the Dublin-based specialist financial services company, reported a 39 per cent increase in pre-tax profits from I£528,000 to I£732,000 (£709,000) for 1993.

This was after charging goodwill previously written off of £72,000 to comply with FRS 2.

Turnover rose to I£10.3m, against a restated I£9.83m. Earnings per share were 1.35p (0.92p) and the single dividend is increased to 0.3p (0.25p).

Roxboro makes £55m purchase and placing

By Paul Taylor

Roxboro, the specialist electronic and electrical products manufacturer which came to the market in November, plans to acquire Solartron, a sensors, transducer and measurement instruments group, for an initial £55.3m, including £12.3m of assumed debt.

The group, which raised £11.9m net of expenses when it was floated at 230p a share last year, also announced a placing and open offer at 255p to raise £30.6m on the basis of 37 new shares for every 100 held.

The placing of the 13m shares, subject to a recall of 8.7m, is fully underwritten by Samuel Montagu with James Capel as brokers. Roxboro's shares closed up 14p at 284p.

Roxboro will pay an initial £26.4m in cash and issue 6.1m shares to the vendors who include Solartron's management and Schroder Ventures which backed a £35m management buy-out from Schlumberger in November.

A further consideration of up to £10m will be paid subject to the Solartron operations achieving pre-tax profits of between £6m and £7.5m in the year following acquisition.

Mr Harry Tee, Roxboro's chief executive, yesterday rejected suggestions that the price was too high. He acknowledged that Solartron's management buy-out team led by Mr Philip Tempest, managing director, struck "an absolutely superb" deal but said, "for us it is still an excellent deal because it is earnings enhancing immediately".

He said the acquisition would double Roxboro's turnover and profits. As a result it raised its forecast dividend for this year to 4.5p against the 1.9p flotation forecast.

Solartron reported profits of £5.6m (£4.1m) before tax and group charges of £800,000 last year on turnover of £48.2m (£44.7m). It makes electo-mechanical devices which are used widely throughout industry to measure pressure, density, displacement, temperature, flow, viscosity or other variables.

● COMMENT

This is a smart deal even though it would have been even sweeter at the bargain buy-out price five months ago. The sensor and transducer markets are among the fastest growing segments of the electronic components industry and Solartron already has a strong or leading position in more than a dozen different niche markets. The acquisition fits group strategy and Roxboro expects to improve further Solartron's margins. Gearing after the purchase will be an acceptable 29 per cent, and will fall. The market has already given the deal its approval by lifting the shares 5 per cent.

Increased efficiency behind CWS rise

By Neil Buckley

Co-operative Wholesale Society, the largest co-operative food and non-food retailer and the UK's biggest farmer, yesterday reported an increase in trading profits from £51.3m to £58.7m, in spite of a difficult UK trading climate.

Total turnover for the year to January 8 declined slightly from £3.21bn to £3.11bn, due to the sale of milk businesses and the transfer of some warehouses to retail societies.

Mr David Skinner, chief executive, said the retail business, which was now the society's biggest activity, had performed well in spite of intense price competition in the grocery sector.

Total retail sales increased 5 per cent to £1.62bn, although like-for-like sales increased only marginally. But profits increased 36 per cent to £38.8m.

The increase in efficiency resulted largely from the creation of the Co-operative Retail Trading Group, a partnership of several regional co-operatives and CWS Retail.

Mr Skinner said many smaller stores were being converted from supermarkets into convenience stores, which was helping them to withstand the growing competition in the grocery market. Many had a strong customer base and were in locations where the large grocery multiples were unlikely to open stores.

Total sales in the food manufacturing division were unchanged at £304m, with an increase in sales to UK multiples offset by a fall in sales to co-operative customers. CWS is in discussion about the possible sale of the food manufacturing group.

Profit before interest rose from a restated £30.8m to £50.7m, while the interest charge fell by nearly £4m. Dividend and share interest payments to members went up by 30 per cent to £7m.

A Fisher plans £59m Danish buy

By Andrew Bolger

Albert Fisher, the food processing and distribution group, has agreed to buy a Danish-based seafood company in a deal worth £59m.

Shares in the group fell 6p to 57p after it announced a 1-for-6 rights issue at 52p per new ordinary share to raise £51.2m. The group also plans to cut its interest bill by redeeming preference shares worth £46.9m.

The Rahbek Group, a producer of chilled and frozen fish recipe dishes, is to be bought for £40m in cash plus the assumption of about £19.1m of debt.

Rahbek's factories in the UK and Denmark supply value-added products to leading European retailers such as Marks and Spencer.

Mr Stephen Walls, chairman of Albert Fisher, said the acquisition was "a further significant step towards creating a group with strong positions in markets with good growth opportunities, while further reducing exposure to pure commodity distribution and trading businesses."

Rahbek's operating income for 1993 amounted to £3.6m on sales of £119.1m, although profits were adversely affected by a strike by Danish fishermen.

Albert Fisher yesterday also reported increased pre-tax profits of £30.6m (£22.8m) for the six months to February 28, on sales of £606m (£550m).

Under FRS 3, earnings rose to 3.52p (2.66p), but stripping out a £10.5m exceptional gain on disposals, they fell to 2.23p (2.5p). The interim dividend is held at 1.85p.

The group said cost reduction continued to be a priority, but the benefits from action already taken continued to be offset by poor trading conditions. The recession in continental Europe, the effects on margins of the retail price wars and produce price deflation in North America all had a negative impact.

In general it remained difficult to predict any real improvement in the second half in its key markets.

● COMMENT

The market did not like this deal – mainly because analysts hate to see an acquisition being funded by paper with a prospective yield of 8 per cent. They did, however, understand its strategic logic: Albert Fisher simply must get away from the commodity end of the market, which continues to spring unpleasant surprises, particularly in the US. The group is certainly paying a full price for an acquisition which it says will be earnings neutral in the first year, but promises future benefits. A prospective multiple of 11 fully reflects the market's disgruntlement with this so-far unfulfilled tale of jam tomorrow. Only real profits performance will dispel the doubts which have kept the shares under a cloud.

WEW firms 16% to £5.2m

By Andrew Bolger

WEW Group, the discount retailer formerly called Amber Day Holdings, yesterday reported a 16 per cent increase in pre-tax profits to £5.2m in the six months ending January 29.

WEW, which has 61 stores trading under the What Everyone Wants banner, was refinanced last December by a placing and £15.5m rights issue which allowed Warburg Pincus, the US investment institution, to raise its stake from 17 to 25 per cent.

The US investment house is backing the group's aim to double the number of WEW stores to about 125 over the next five years, in the process of expanding across the whole country from its current strongholds in Scotland, the north of England and the Midlands.

Mr Peter Carr, chairman, said that despite the anticipated impact of tax increases, the company was still on course to realise the real potential of its retail format.

Turnover rose from £61.3m to £66.4m. The group said Christmas trading was encouraging and the performance of its then six newest stores had exceeded initial expectations. Trading at the beginning of the second half was poor and only started to improve in late March, ahead of tax increases in April.

Mr Carr said that the buying and merchandising functions, critical to the group's ability to improve merchandise ranges and allocations, were being strengthened.

Three new stores opened in time for Easter – in Inverness, Wishaw and Oldham – were already trading ahead of budget. Together with a further store intended to be opened before the end of July, new store openings during the current financial year would reach 10.

Earnings per share rose by 9 per cent to 2.72p (2.54p), but the interim dividend is cut to 0.35p (1.1p).

Loganair enters arrangement with BA

Loganair, the subsidiary of Airlines of Britain which serves the highlands and islands of Scotland, is to lose its separate identity and enter a franchise arrangement with British Airways.

Airlines of Britain, whose principal subsidiary is British Midland, will also consider an approach from Loganair's management to buy the airline.

Mr Scott Grier, managing director of Loganair, said he was securing financial backing for a management buy-out which he hopes to conclude in the next two to three months. The franchise arrangement does not depend on this.

Caird falls £26.5m into red

By Peggy Hollinger

Caird, the lossmaking waste management company crippled by a series of acquisitions in the 1980s, yesterday announced pre-tax losses of £26.5m, after slightly higher than expected provisions and write-downs of £24m. This compared with £3.4m profits previously.

The group sought to reassure investors that the worst was past, however, with news that it had broken even in the second half at the operating level. Sales fell 15 per cent to £18.1m, with revenue from continuing business down 11 per cent. The shares rose by ¾p to 8p.

Mr David Weir, the chief executive appointed last year to restructure the group, said that while Caird was not yet out of the woods, "we are confident the group will be able to trade profitably this year".

Caird was encouraged by what appeared to be a sustained increase in landfill prices from "the uneconomic levels which the industry has been seeing for the last few years. Mr Weir said prices had risen by between 8 and 9 per cent over the last 12 months, although this had varied substantially between regions. Prospects for the special waste side were less encouraging.

Mr Weir said Caird's main task this year would be to "trade in line with expectations and build confidence so we can do something else".

The state of the group's balance sheet, with net debt of £21.9m and shareholders' funds which have fallen from £47.1m to £17.2m, would need to be addressed. In the medium term, Caird is expected to make a capital reconstruction.

The losses were largely the result of a £24m provision, of which £23m had been announced at the interim stage. This covered the rationalisation, including a 26 per cent reduction in the workforce and closure of unprofitable sites. Some £17.6m was due to asset writedowns.

There is no dividend, against last year's interim of 1.33p. Losses per share rose from 0.36p to 49.66p.

● COMMENT

Caird has hopefully swept out all the skeletons with these provisions and looks better than for some time. It has made good progress on cutting costs and is generating cash to help reduce debt. A number of property disposals this year may do much to help ease the burden. Nevertheless, 1994 is not likely to be exciting. Forecasts are for anything from a marginal loss to a tiny net profit, with little prospect of a dividend before 1996. The shares are also likely to be shadowed by the prospects of a capital restructuring.

Capitol coming to market via placing with £11m valuation

By Jonathan Evans

Capitol Group, the security specialist, yesterday announced that it is coming to the market via a placing with institutional investors likely to value the group at about £11m.

The pathfinder flotation prospectus for the group was issued yesterday. Capitol was founded in 1983 by ex-policeman Mr Ken Dulieu, managing director. It specialises in security and related services in investigatory, audit and stock-taking, and port and ferry security.

The group announced pre-tax profits of £839,000 (£341,000) for the year ending March 31 1994. Turnover was £6.64m (£5.12m) and operating profit, before exceptional and non-recurring items, was £1m (£714,000).

The proposed flotation is to be sponsored by Granville Davies. Impact day is planned for May 5 with dealings expected to commence on May 17.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Albert Fisher	int	1.85†	July 19	1.85	-	3.75
Austin Reed	fin	3.5	July 1	3	5.5	5
Boot (Henry)	fin	4.8	May 27	4.3	6.5	5.9
British Dredging	fin	3	June 3	2.6	5.6	5.2
Brit Empire Secs	int	0.25	June 10	0.25	-	0.93
Caird	fin	nil	-	nil	nil	1.33
Etam	fin	5.75	July 1	5.25	7.5	6.9
Helical Bar	fin	3.3	June 13	2.4	5.8	4.8
IFG	fin	0.3‡	Aug 31	0.25	0.3	0.25
Liberty	fin	5.35	May 26	5.35	7.2	7.2
Low (Wm)	int	2.7	June 1	2.7	-	8.4
Molyneux Ests §	int	0.75	May 27	-	-	1
Oriel	fin	3	Sept 9	3	5	5
SB	int	3♥	July 15	2.553	-	10.9
Tie Rack	fin	1.75	July 26	1	1.75	1
WEW	int	0.35†	July 1	1.1	-	1.35
Yorklyde	fin	3.8	July 1	3.2	6	5.2

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♥First quarter distribution. ‡Irish pence.

Babcock restructures energy side

By Andrew Baxter

The announcement by Babcock International of a fundamental restructuring of its energy division is a crucial component in the new strategy unveiled yesterday by Mr John Parker, chief executive at the engineering group since October.

Behind the exceptional charge of £25m for reducing the division's overheads and manufacturing capacity lies an important shift in the balance of power from the manufacturing plant in Renfrew to the unit's headquarters in Crawley.

Mr Parker made clear yesterday that this division had been the cause of the group's profit and cash problems. According to estimated results for the year ended March 31, the division lost £29.3m, compared with a profit of £11.2m.

The loss excludes the exceptional charge, but includes the £15m provision on the flue gas desulphurisation contract at National Power's Drax power station in North Yorkshire.

It also includes additional provisions from "the prudent assessment of the outturn of contracts," settlement of outstanding claims undertaken as part of Mr Parker's strategic review of the group and unrecovered overheads as a result of a lack of manufacturing volume.

The clear message yesterday from Mr Parker and from Mr Nick Salmon, Babcock's managing director, was the need to "fix energy". This means that 450 jobs are to go at Renfrew, reducing the manufacturing workforce there to about 400. Financially, the aim is to cut manufacturing operating costs at Renfrew by £11m a year.

The reshaping goes much deeper, however. Mr Salmon wants to move the division away from a "manufacturing-led" culture, where everything revolved around keeping Renfrew full, to a business driven by technology and engineering, and held together by project management skills.

Significantly, Mr Duncan Cox, the division's new managing director, will be based at Crawley, rather than Renfrew. Mr Cox joins the group next week from Zurn Energy, the US boiler company.

● COMMENT

A hefty right issue at last gives Babcock some financial muscle to weather the vagaries of international contracting, but at the same time the group is clearly signalling that there will be no repeats of Drax. Shareholders may now have to look on the rights issue, the restructuring of energy, and the exceptional charge as perhaps the only realistic way for the group to go forward – without the new money Babcock could not simultaneously sort out the energy side and develop its good positions in the materials handling and process businesses. Only a die-hard optimist could be shocked that there is no final dividend, but finishing the year with net cash of £3.9m is a welcome surprise and a sign that the new team has grasped the nettle. Robert Fleming Securities' forecast of £27m for this year puts Babcock on a p/e of 15 on a pro forma post-rights basis.

Etam advances 28% as margins improve

By Peggy Hollinger

Etam's battle to defend margins in the face of heavy *discounting last year from* rival fashion retailers helped to boost annual pre-tax profits by 28 per cent to £14m.

The increase was achieved on virtually flat sales of £220.3m for the year to January 29, against £220.7m last time.

Mr Keith Miles, finance director, said the refusal to cut *prices had eroded market share* in the second half. This was "a small penalty" for increasing gross margins by one percentage point.

The retail scene had been difficult in the last six months due to price competition from companies trying to "sort themselves out", such as Burton Group, Mr Miles said.

The discounting pressure had continued this year. However, there was some evidence that the most aggressive discounters were beginning to *wake up to the impact on margins.*

Meanwhile, Etam would seek to draw in a wider base of customers by eliminating its "cheap and cheerful image". *This would mean an extensive* refurbishment and marketing programme from next year.

Of the three brands, Etam had performed satisfactorily, *Mr Miles said, while Tammy,* the children's wear operation, had improved sales. Snob, which targets younger women, had performed below expectations.

Etam's truce with Oceana, the South African Lewis family's group which made a hostile bid in 1991, was expected to bring benefits to all three brands, said Mr Miles. Etam had already gained from the presence of Mr Michael Lewis on the board; he joined when Oceana decided to back Etam's strategy for recovery. Oceana holds 36.5 per cent of Etam.

"It was good to make peace," Mr Miles said. "The initial indications give me great hope that *the chemistry and synergy will* be there."

Mr Stanley Lewis, Michael's 71 year old father, will join the board as a non-executive at the annual meeting.

Earnings per share rose 32 per cent to 13.57p; the final dividend is increased to 5.75p, for a total up 9 per cent at 7.5p.

● COMMENT

Etam's five year plan is coming through rather better than some might have expected just 12 months ago. The decision to *hold prices when all about* Etam were cutting furiously is paying dividends. Management is also getting to grips with the need to revitalise the Etam brand, while Oceana's input will bring some interesting benefits longer-term. The strategy is not without risk, however, as price pressures are not likely to disappear soon. The most immediate task will be push up sales, without eroding margin. Forecasts are for pre-tax profits of about £16.5m this year, making the shares - on a *multiple of 16 - look more* attractive than for some time.

Mirror AGM shakes off the past

By Raymond Snoddy

Yesterday was the day that Mirror Group Newspapers finally returned to normal – two and a half years after Mr *Robert Maxwell* nearly brought the company to its knees.

At its annual meeting yesterday the increasingly profitable company put its past *behind* it with a change of name to Mirror Group and there was even thanks for the efforts to help defrauded pensioners.

However, it was the questions from the floor that really gave the game away. Instead of angry shareholders and pensioners demanding his resignation, Sir Robert Clark, chairman, and his board faced a series of throughly normal if sometimes slightly dotty questions. Just like any other company.

Mr Charles Wilson, managing director, was asked whether there were facilities for guide dogs for the blind at the group's new home, the Canary Wharf tower in London's Docklands.

The former editor of The Times said he did not think any blind staff were employed at Canary Wharf but blind dog *facilities could* be provided if they were needed.

Mr Barry Gorman from Sheffield doesn't read the Daily Mirror any more because he thinks it is "a fascist newspaper". He's still a shareholder but didn't want to have to come all the way to London for AGMs.

Mr Gorman, who views the appointment of Mr David Montgomery as Mirror chief executive and Mr John Birt as director general of the BBC as all part of the same Conservative conspiracy, accused the board of being afraid of facing the socialist shareholders of the north.

However, the show was totally stolen by 70-year old Mrs Esther Allen who asked why it was that sometimes the share price went up – and at other times down.

Sir Robert, who has spent many years in the City, had a stab at answering and suggested the price usually went up when there were more buyers than sellers.

He confessed, however, that "it's an art not a science".

Mrs Allen, a munitions worker at the age of 20, who is about to appear in a Daily Mirror D-Day supplement, brought the house down when she said that if the Mirror share price was going to go up she would buy some more.

There was even the odd complaint about the large size of Mr Montgomery's emoluments – £325,863 – and the low price of some directors' share options – 61p.

It was the most normal MGN-Mirror Group annual meeting in modern times.

Further disposals under way in move to electronics distribution

Cannon Street £5.5m in the black

By Simon Davies

Cannon Street Investments, the mini-conglomerate, has returned to the black with a £5.54m pre-tax profit for the year to January 1, compared with losses of £115.5m.

The company has been pruned down from more than 50 small and disparate businesses into a core of three main divisions, but ultimately it has chosen to remould itself as an electronics distribution company.

Mr Tom *Long*, chairman, said that the leisure and food divisions, along with other remnants of Cannon Street's 1980's buy-all strategy, were effectively up for sale.

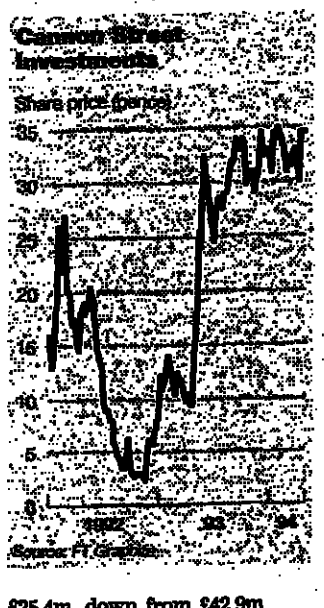
Having undergone significant restructuring, it is cash generative and operating profits are almost double interest costs. It therefore no longer has to hurry into further sales of non-core assets.

The electronics distribution businesses accounted for £5.58m (£1.12m) of CSI's £8.39m operating profit before £2.56m of central costs. Food and drink distribution contributed £1.35m, but the leisure division lost £245,000, because of problems in its time share and tour business. The hotels remained profitable.

Profits from discontinued businesses amounted to £839,000 but these were more than offset by one-off restructuring costs of more than £1m.

There was a £2.43m profit from the sale of businesses last year, primarily PM Tamson, the Georgian House Hotel and Cannon Materials Handling – the latter was sold at a loss.

Interest costs fell from £7.04m to £2.72m, as a result of debt reduction and falling interest rates. At the year end, net debt amounted to about



£25.4m, down from £42.9m.

The company has restructured its balance sheet to enable it to pay *dividends for* the first time since October 1992. It will first have to pay *the* £2.5m arrears on its preference dividend, however, and it is taking a "prudent" view on the resumption of ordinary dividends.

● COMMENT

Having sifted through the wreckage of what was once a high-flying conglomerate, the new *management of Cannon* Street Investments has found a worthwhile core. Its electronics distribution division increased profits fivefold last year, and management *plans to build* around the Altai subsidiary. Analysts expect profits to exceed £7m in the current year, putting the shares on a p/e of 11.5. This leaves minimal downside for the shares, while there is considerable upside if it can demonstrate success in building up its new-found core.

Salvesen director departs

By Andrew Bolger

Christian Salvesen, the UK distribution, specialist hire and food services group, yesterday announced the departure of a director who co-founded its Aggreko business, which recently caused the group to issue a profits warning.

Mr Gordon Tourlamain, 50, joined Salvesen when it acquired Aggreko UK in 1984. Aggreko, which hires out generators and temperature control equipment, was a star performer until recently.

However, Salvesen's highly rated shares fell sharply in February when the group said Aggreko was suffering from increasing competition in the US and Europe. Last night the shares closed up 2p at 262p – well below last year's peak of 398p.

Mr Chris Masters, chief executive, said Mr Tourlamain's departure was "quite amicable – he's not leaving us because we have had a difficult time with Aggreko".

Salvesen said full responsibility for Aggreko would now be assumed by Mr David Yorke, who founded the business with Mr Tourlamain. Mr Yorke would report directly to him.

Sir Alick Rankin, Salvesen's chairman, said: "We are all grateful for all Gordon's achievements over the years. He was responsible for introducing Aggreko to the Salvesen group and he leaves behind him a strong and profitable business."

Mersey Docks unties golden share

By Ian Hamilton Fazey, Northern Correspondent

The government's golden share in Mersey Docks and Harbour was converted into a 10p ordinary share by yesterday's annual meeting, severing lines of control dating from 1970.

The golden share entitled the government to appoint three directors and demand day-to-day management accounts. It was a legacy of the financial collapse of the Mersey Docks and Harbour Board 24 years ago, when it defaulted on its bonds, forcing a government rescue.

In practice, the golden share has not been exercised in any form since 1989, when the company was restructured after the government wrote off more than £100m of debts.

The government's sole connection with Mersey Docks now is as its biggest shareholder, but it intends to sell eventually.

The annual report shows its holding was diluted from 20 to 13.9 per cent in last year's rights issue, launched to help *fund Mersey's takeover of the* Medway ports.

The stake is worth about £56m at present, prompting speculation that the government may be holding on until the shares are more valuable than the written-off debts. The effect then would be to transfer the cost of modernising Liverpool docks from public funds to the stock market.

Shareholders questioned the sudden resignation last week of Mr Peter Vincent, the former Medway chief executive, especially *since* his name was still on the meeting's printed agenda for re-election as a director.

Mr Gordon Waddell, chairman, said Mr Vincent's reasons were personal. He also confirmed that Mersey Docks would not be affected by litigation over the price of 250p each which Mr Vincent paid for Medway shares that were later valued at more than £37 in the takeover.

Mr Waddell said first-quarter trading results were up to expectations and the company was well on its way to replacing Medway turnover.

Benchmark recovery

The recovery seen in the second half of the previous year at Benchmark Group continued in the six months to December 31. Pre-tax profits for the property investment company were £1.24m, against losses of £3.08m, restated for FRS 3.

The property division reported a turnround from pre-interest losses of £577,000 to profits of £415,400. The overseas division, which carries out portfolio investment, improved from £240,500 to £1.17m.

The pre-tax result was helped by a write-back of provisions of £258,300, against a charge *of* £1.69m, *and lower* interest costs of £433,800 (£684,000).

Liberty enfranchisement of non-voting shares to proceed

By David Wighton

Liberty, the retailing and fabric group, is fulfilling its promise to enfranchise its non-*voting shares following a long* campaign by dissident investor Mr Brian Myerson.

The move will reduce the votes controlled by the founding families from just over 50 per cent to about 40 per cent.

Mr Patrick Austen, who joined as chief executive from BTR a year ago, described enfranchisement as "a really ticklish problem".

Six months ago the company said that it had decided in principle to make the change but that trading conditions were then too difficult.

The group is proposing to compensate the voting shares, which account for 70 per cent of the total, with a 1-for-2 scrip issue, which would increase the cost of a maintained dividend by 25 per cent.

Following an upturn in its retailing business, Mr Austen *said the group could now* commit itself to holding the dividend on the enlarged equity this year though he added "it is too early to say the extent to which it will be covered" by earnings.

Pre-tax profits fell from £3.7m to £3.2m last year, with earnings per share slipping from 9.05p to 8.02p. The dividend, however, is maintained at 7.2p through a final of 5.35p.

Turnover edged up to £82.9m (£82.4m) but stocks were cut by £2m to £16.5m.

However, the figures disguised a strong recovery in the retailing operation and signs of improved demand in some of its overseas markets.

Mr Austen said the current period will also see the full benefits of last year's initiatives, including the opening of its Heathrow outlet. Launched *just before Christmas* this was soon outselling all the group's other branches in the UK.

Retailing profits recovered to £1.51m (£331,000) on turnover of £61.1m (£54.8m), led by strong growth in fashion.

But all overseas operations struggled, with sales in France, Japan and North America sharply down. US losses mounted to *£248,000 (£68,000)* and Mr Austen admitted the group's one store in Manhattan "just doesn't work".

Liberty is to launch a new range of branded products which Mr Austen said represented "the area of greatest long-term potential" for the group.

Austin Reed buoyed by retail boost

By Maggie Urry

Trebled profits in Austin Reed's retail division and a £2.81m one-off profit on a property sale lifted the clothing group's annual pre-tax profits from £1.25m to £6.87m.

The advance came on turnover 8 per cent up at £65.4m.

The shares, a single class since the enfranchisement of the non-voting shares last summer, rose 22½p to 199½p on the announcement.

The group was optimistic for *the current year, stating that* since the January 31 year end its retail sales were ahead 14 per cent.

A final dividend of 3.5p is proposed to give a total of 5.5p (5p). The rise reflected a balance between restoring the historic dividend, which peaked at 9.5p in 1990 and 1991 and a desire to rebuild cover *towards* a target of 2. Earnings, excluding the property profit, were 9.8p (3.1p).

Mr Chris Thomson, finance director, said that cash generation plus the property *sale* proceeds cut debt from £8.3m to £4.1m, and gearing from 20 per cent to 9 per cent. Interest charges fell from £1.65m to £991,000.

He said since the enfranchisement the group had looked at acquisitions but had found few opportunities. Enfranchisement had expanded the shareholder register and helped the shares.

The group concentrated last year on the retail division, Mr Thomson said. Selling area fell 4 per cent, through relocating to smaller shops with a more focused product range, but retail sales rose 12.8 per cent to £50.7m.

Gross margins had risen by 2 percentage points, and the group had managed its stock better to avoid heavy sale markdowns. With no inflation in *prices, like-for-like volume* had been up 9 per cent. Retail profits rose from £896,000 to £3.01m.

Licensing profits were up from £1.73m to £2.48m, but the gain was due to rises in the dollar and yen against sterling, with volumes flat. Weak export markets left manufacturing profits down from £1.23m to £536,000.

Telemetrix shares hit by US subsidiary's reduced outcome

By Paul Taylor

Shares in Telemetrix, the UK-based supplier of specialised electronic components, test equipment and services, fell by 23 per cent after GTI Corporation, its 58 per cent-owned US subsidiary, reported lower first quarter results.

Telemetrix shares closed 23p down at 103p.

Mr Tim Curtis, chief executive, warned last month, when the group unveiled a 64 per cent profits increase for 1993, that pricing pressures which *began in the fourth quarter* were affecting GTI's sales and margins on networking products in the US.

Yesterday he expressed *surprise at* the reaction in the market.

GTI, which is separately quoted on Nasdaq, reported net income down by 56 per cent to $1.3m (£890,000) in the first quarter to March 31, on sales which slipped by 2 per cent to $30m. Earnings per share dropped by 66 per cent to 13 cents.

Mr Gary Luick, GTI's chief executive, said that first quarter unit volume of the company's standard networking product line – 10Base-T – *was 30 per cent higher than a* year earlier. It accounted for 54 per cent of sales at the networking subsidiary.

However, he added: "Competitive pricing pressures reduced net revenues by 3 per cent as we worked to protect our market share."

Overall networking revenues were flat at $21.2m ($21.6m) in the first quarter, but prices were 25 per cent lower than a year ago.

Mr Luick added that the company was addressing the lower price levels by cutting costs and moving production to a new automated plant in the Philippines, while preparing for the introduction of new *higher-margin products* based on the latest networking technologies.

Tie Rack shares fall on warning

By Tim Burt

Shares in Tie Rack fell by 8p to 146p yesterday after the fashion neckwear and accessories retailer warned that its performance this year could be undermined by *overseas recession* and UK tax increases.

The group, which stocks products ranging from designer scarves to Winnie the Pooh ties and Pink Panther socks, said sales in the current financial year were below expectations and it was cautious about prospects.

Mr Roy Bishko, chairman, said: "Consumer expenditure and confidence may be affected adversely by tax increases. Overseas, France and Holland are experiencing difficult market conditions and in Australia, despite the improving economy, the retail environment is depressed."

In the year to January 30, Tie Rack defied volatile consumer *spending* to increase pre-tax profits by 31 per cent to £6.67m (£5.1m).

The improvement was underpinned by a strong performance in Britain – *where operating profits rose* by 24 per cent to £5.72m – and continen*tal Europe, which contributed* £1.95m (£1.14m).

Group operating profits increased to £6.15m (£4.5m) on turnover of £78.2m (£67m).

Mr Bishko said sales were boosted by 37 new outlets, increasing the portfolio to 301.

Their contribution, however, was hampered by increased US losses of £482,000 (£58,000).

Falling sales forced the group to close six stores in North America at a cost of £350,000. Trading losses exceeded £130,000.

The figures were also affected by difficulties in France, where demand fell and distribution was hit by transport strikes.

Mr Bishko said the group wanted to expand its airport division – comprising 25 shops in 15 countries – and open more stores in Europe and east Asia.

Funds would come from its year-end net cash balances of £11.2m (£7.4m).

Earnings rose from 6.1p to 8.04p and the dividend is *increased to 1.75p (1p).*

Trevor Humphries

Cautious: Roy Bishko (left) and Nigel McGinley, chief executive

Bundaberg may let offers lapse

By Nikki Tait in Sydney

Bundaberg Sugar, the Australian subsidiary of Tate & Lyle, is expected to allow its A$121m (£58m) offers for two crushing mills in Queensland to lapse on April 29.

The company yesterday published the required formal notices *stating* that the offers could not be declared unconditional. It has also passed the date for notifying a further extension of the bids.

Bundaberg's decision to withdraw, follows a battle for control of the Tully and South Johnstone mills, whose unlisted shares are mainly held by local cane growers.

The turning-point came last week when South Johnstone shareholders voted against lifting the limit on the number of shares which any single investor could hold in the mill. Yesterday, an adviser to the mills said they would now pursue *their own plan to merge.*

Wyndeham Press makes £6.54m acquisitions

Wyndeham Press Group, the printing and packaging company formerly known as SW Wood, is making three acquisitions for a total of up to £6.54m and *raising* £5.26m through a *placing and open offer.*

It also forecast pre-tax profits of £1.7m (£1.02m) for the year to March 31 and expects to pay a final dividend of 1.5p for a total of 2.25p (1.25p).

It is buying Westway, a lithographic printer, and B+P, its associated finishing house, for a total of £5.54m, comprising £5.33m cash and the balance in shares.

Unity Paper Tubes, which makes cardboard tubes, is being acquired for up to £1m in shares and a profit and net asset-related cash element of about £850,000.

Most of the cash payments will be met from the issue of 5.26m shares which have been placed at 100p. Shareholders can apply for shares on an 8-for-25 basis. The shares closed at 105p yesterday, down 1p.

Westway reported pre-tax profits of £710,000 (£286,000) in the year to January 31 on turnover of £4.52m (£3.56m). Profits for B+P for 1993 were £289,000 (£115,000) on turnover of £2.08m (£1.76m).

For the year to March 31 1993 Unity reported profits of £111,000.

Plysu warns of halved profits

Shares in Plysu fell 9p to 220p yesterday after the plastic container manufacturer warned that profits for the year ended March 31 would halve from £10.8m to about £5.4m, after charging reorganisation costs of £1.4m this time.

Plysu said that in the light of recessionary conditions affecting its continental markets, it was making further significant reductions to its cost base, mainly in continental Europe.

The dividend however, is expected to be maintained at 7p.

Yorklyde rises 35% to £2.98m

Shares in Yorklyde, the Huddersfield-based maker of fine cloths, scarves and rugs, rose by 31p to 270p yesterday on news of a 35 per cent rise in pre-tax profits to £2.98m for the 12 months to January 31.

The advance, from £2.2m, was achieved on sales of £15.4m (£13.3m).

Mr Charles Brook, chairman, said all divisions had experienced increased activity, which was being maintained in the current year.

The dividend is raised to 6p (5.2p) via a proposed final of 3.8p. Earnings per share jumped 32 per cent to 20.6p (15.6p).

Schneider's list of building woes

The developer's failure does not herald a general market collapse, say Vanessa Houlder and David Waller

Frankfurt's futuristic *Zeilgalerie* complex has acquired a special importance since the collapse last week of the Jürgen Schneider property group with debts of more than DM5bn.

The *Zeilgalerie* was one of Mr Schneider's most audacious developments and is at the heart of Deutsche Bank's allegations of fraud against the failed developer, who has vanished leaving behind the ruins of Germany's most spectacular property crash since 1945.

Deutsche Bank, Germany's biggest bank and also the largest single creditor to the failed property empire with an exposure of DM1.2bn, said last week that Mr Schneider falsified documents and data when making an application for the financing of *Zeilgalerie*.

These disclosures by Deutsche Bank have put the bank on the defensive. Critics say Mr Schneider's ability to falsify documents successfully highlights weaknesses in Deutsche Bank's lending practice and points to how the crisis arose in the first place. The main elements of the Deutsche Bank disclosures are:

- Deutsche Bank loaned Schneider a total of DM415m against the *Zeilgalerie* project; according to property consultants, the complex has a current market value of DM160m, less than the DM200m Mr Schneider originally invested in the venture.
- The bank claimed it was mislead over *Zeilgalerie's* total lettable space. Deutsche Bank released the latest DM45m tranche of the loan on the premise that the complex contained 20,000 square metres of lettable space. In the event, the property contains only 9,000 sq m of lettable space.
- The bank agreed to the loan on the basis of a rental projection for the centre of at least DM57m a year; the true figure turned out to be about DM8m.

These discrepancies have provoked dismay and ridicule in Germany's banking and property circles. "I find it amazing," said one leading German property analyst. "The controls in the German banking industry are normally so tight that something like this just can't happen," he added.

"The mistakes that have been made here are inexcusable," said a senior Frankfurt investment banker. "The Zeil [the street where *Zeilgalerie* is located] is less than half a mile from the Deutsche Bank headquarters. It [the bank] lent twice the market value and now it sheepishly says that it lent against 20,000 sq m [of lettable space] when there are really only 9,000 sq m. Were they asleep?"

These charges of irresponsibility are refuted by Mr George Krupp, the Deutsche Bank board director now responsible for the bank's exposure to Schneider. "We have no evidence of serious mistakes at this bank," he said. Mr Krupp told German newspapers that the bank has launched an enquiry into its credit procedures in the light of the Schneider collapse.

The revelations have proved an embarrassment for Deutsche Bank. But they have also prompted other German banks to take a much tougher line on outstanding requests for property finance. Analysts suggest that the worst-hit banks from the Schneider fall-out are unlikely to sanction new property development loans until their own enquiries on internal credit procedures are under way.

Strong domestic demand for property is likely to limit the fall-out from the Schneider affair

This tightening of credit to smaller developers may prove to be one of the most significant repercussions of the Schneider affair on the rest of the property market. Other lasting effects on the market may be changes in the bankruptcy laws to offer more protection to smaller creditors, and increased pressure on German valuers to raise standards.

The broader question about the impact of the Schneider collapse on the property investment market remains unclear.

The German market is undoubtedly going through a tough time. Recession, which took hold in mid-1992, has led to a sharp fall in office rents. The office market has been hit particularly hard because the economic slowdown has coincided with a wave of new office schemes coming onto the market.

Jones Lang Wootton, property advisers, said that the take-up of office space fell by 7.5 per cent in 1993, pushing up vacancy rates in excess of 7 per cent of the total office stock. Rising vacancy rates and weak tenant demand have pushed office rents down by between 10 per cent and 25 per cent in larger German cities.

The combination of rising vacancy rates and falling rents is familiar to many other property markets around the world. However, the German property downturn differs in important respects from its international counterparts.

The main difference is that investors' demand for property in Germany remains relatively strong. Although the worsening outlook for rental growth dampened demand in 1992 and much of 1993, prices stabilised half way through last year; this was largely the result of a reduction in interest rates and an upturn in demand from investors.

The most prominent domestic investors have been 'open-ended' property funds, which operate in a similar manner to unit trusts. DTZ Zadelhoff, property advisers, believes that the 'open-ended funds' currently have about D14bn available for investment.

This strong domestic demand for property is likely to limit the fall-out from the Schneider affair, say property brokers. "The impact on the market will be extremely limited," said Mr Oscar Kienzle, head of Knight Frank & Rutley's German operations.

Schneider's creditor banks would face a total estimated loss of DM1.5bn-DM2bn if they disposed of the failed group's properties, as they stand. However, the banks have said that they will hold back from rapid sales. The majority of the Schneider properties are development or refurbishment projects, which will be completed and let before they are sold.

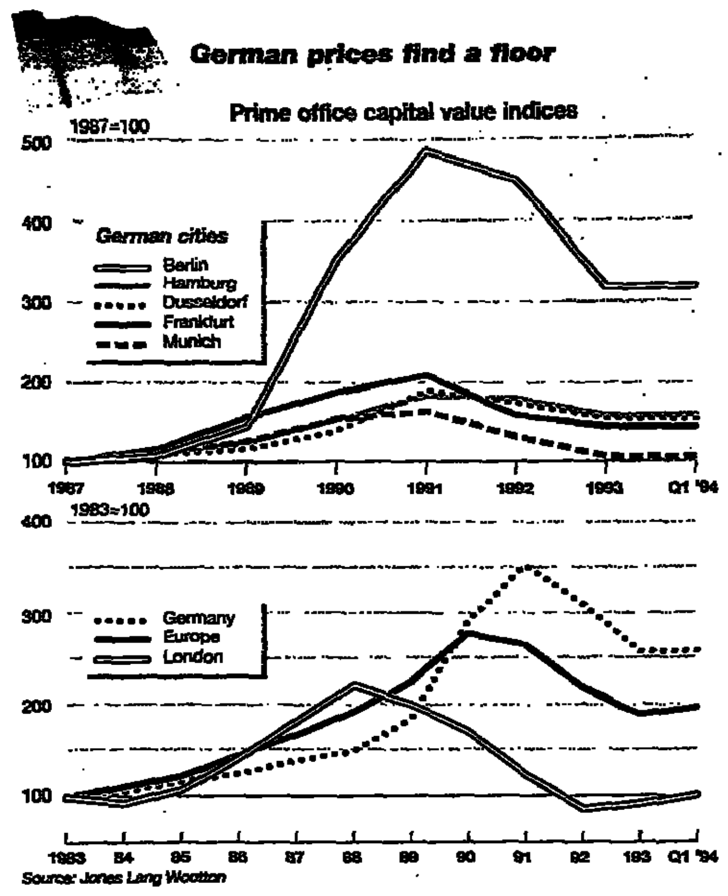
The banks are unlikely to experience any difficulty in finding buyers for most of the Schneider portfolio, which include some of Germany's most prestigious commercial developments.

Ultimately the investment market's resilience may depend on whether the Schneider case has a knock-on effect. The banking and property industries insist that Schneider is a one-off collapse, caused by fraud and the excessive prices the company paid for its properties.

When the scale of the losses first became apparent, Schneider's creditor banks declared that the failed group's difficulties were not representative of those of the domestic market as a whole.

Mr John Morgan of DTZ Zadelhoff said that that the Schneider case did not herald a more general collapse in the market. "Mr Schneider is to a large extent a single case. He did not mix with other developers and institutions. He very much played his own game," he said.

"If the rumours are correct, this is merely a matter of fraud and not weakness in the property market," he said.



Source: Jones Lang Wootton

London coffee futures touch five-year highs

By Deborah Hargreaves

Coffee futures prices soared in London yesterday with the second position on the London Commodity Exchange hitting $1,545 a tonne at one stage – its highest point for 5 years.

However dealers began to back off in late trading when the New York market failed to extend the gains made earlier and London closed at $1,498 a tonne, $9 higher than the previous close.

The drawdown in stocks of robusta coffee – the coarser variety that is traded in London – has fueled a surge in prices in the last few days. The arabica futures contract on New York's Coffee, Sugar and Cocoa Exchange has been pushed upwards by London, but it was beginning to off the boil yesterday.

"A lot of technicians are indicating the market here is a bit toppy and we haven't been able to take out resistance levels," said Mr Bill O'Neil, softs analyst at Merill Lynch in New York. "The next few days will be a key to determining the market's short-term direction."

Confusion among traders about Brazil's plans to begin the sale of its 17m-bag domestic stockpile, which were announced last week, has added to the market's jitters. Brazil announced it would sell 2.4m bags in this financial year, but it is unclear how the sales will be spread throughout the year. The government is also under pressure from growers to call off the sale.

The tightness of physical supplies of coffee in the London market putting a squeeze on traders with short positions, which is likely to support prices for some days.

Aluminium producers hope to broaden cuts scheme

By Gillian Tett in Brussels

Aluminium producing countries already taking part in the international agreement to cut global production hope within two months to find a formula that will enable Brazil, the Gulf States and Venezuela to be included.

This was informally agreed at a meeting here yesterday when trade delegates from Australia, Canada, the European Union, Norway, Russia and the US met to report on progress so far.

Delegates said they hoped a way of widening the pact to include the other regions could be worked out by the time of their next meeting in Canberra, tentatively scheduled for June 20.

US trade delegates warned, however, that producers would have to tread very warily because they might run into anti-trust problems.

Russia yesterday gave details of how it planned to implement its promised annual output cuts of 300,000 tonnes by the end of this month and further cuts of 200,000 tonnes in the following three months. It also undertook to provide next month production statistics to the International Primary Aluminium Institute, the trade organisation that collects figures from most western companies.

Delegates estimated that total output cuts in the west would total 1.2m.

At a meeting in January the delegates agreed that global cuts of between 1.5m and 2m tonnes a year were needed for two years to bring the aluminium market back into balance.

Malaysian group still in PNG mine talks

By Nikki Tait in Sydney

Mr Paias Wingti, Papua New Guinea's prime minister, said yesterday that Mr John Kaputin, the country's mining minister, had been told to "pursue discussions with the Malaysian Mining Corporation", over the large Lihir mining project.

Last night, Mr Wingti's office declined to comment further on the implications of this statement. It followed a presentation on the status of the Lihir project by Mr Kaputin to PNG's National Executive Council. This covered "the present status of the project, the Lihir joint venture partners' plans for developing a mine on Lihir, as well as unresolved issues, including landowners' demands".

The joint venture partners in the project, which envisages development of a large gold mine on one of the islands within the New Ireland group, are Britain's RTZ and Niugini Mining, a PNG-registered company quoted in Australia and in which Battle Mountain Gold has a majority interest.

Their original plan was to divide shares in Lihir Gold, the holding company for the project, three ways – giving RTZ a 40 per cent stake, Niugini Mining, 30 per cent and the PNG government the remaining 30 per cent. Those stakes would then have been diluted by a flotation of Lihir shares, which could have raised upwards of $300m.

However, at the end of 1993, ministerial positions were shuffled in PNG and the necessary special mining lease for Lihir has yet to be granted. There is thought to be debate within the PNG government over whether the state-owned MMC should be allowed into the project at an early stage. The original plan envisaged that MMC might acquire a significant interest, but only through the flotation process.

Nigerian oil on slippery slope, warns Shell

By Paul Adams in Lagos

Nigeria's oil industry is in a downward spiral as the government's payment arrears to its joint venture partners lead to cuts in international investment and reduce production capacity, the managing director of Shell Nigeria has warned in a bleak assessment of the industry which provides 95 per cent of Nigeria's foreign earnings.

"As production goes down, so does the Opec production quota, leaving even less revenue for investment in future production," said Mr Brian Anderson.

Speaking at a seminar in Lagos, Mr Anderson suggested that one way out was for the government, which owns 60 per cent of the joint oil operations, to pay in crude oil for its cash arrears to the oil industry, which have been at least $500m for the past six months.

"Extra crude would make payment more certain, which would increase investment and more revenue would flow," he said. "This would also provide more revenue for compensation in the disputes with local communities."

Shell lost 1,400 production days 1993 because of violent attacks by communities in the Niger delta, and employs one security man for every two members of the workforce at a cost of $18m a year.

Under joint venture agreements the oil companies can take cash arrears from the majority partner in the form of extra crude oil, but only with the government's consent.

Shell produces about half of Nigeria's 2m barrels a day of oil, but worsening payment arrears and the recent cut in the joint ventures' budgets could push down production capacity to around 1.5m b/d by the end of 1995.

The cash crisis has been aggravated by the foreign exchange restrictions imposed in the January budget. All the oil companies have suspended development projects, have stopped drilling wells in existing fields and are spending the bare minimum to maintain their operations.

At the recent Opec summit Nigeria was rebuked by other members for proposing a reduction in quotas while its industry was the only over-producer apart from Iran. Nigerian oil minister Mr Don Etiebet has ordered the oil producers to stay within quotas. He has warned of penalties against any producer exceeding its quota, which the government had not enforced since last September.

Analysts say that Nigeria's over production was around 100,00 barrels a day but the figures are unclear because of condensate production, which is outside Opec quotas.

The government has also been forced to cut the price of its oil by traders who were awarded term contracts earlier this year to lift two-thirds of Nigerian export output.

Severe shortages of domestic fuel affect most of Nigeria. Two out of the three oil refineries are out of action, the other is operating at half capacity and the government says that there is not enough cash to import the products.

This week former oil minister Mr Philip Asiodu repeated his criticism of Nigeria's fuel price subsidy, which costs the state downstream oil industry about $40m a month, whilst fuel is smuggled to francophone Africa or sold on the black market for over three times its official price of less than 10 cents US a litre of petrol.

Duty cut shocks Indian coal industry

By Kunal Bose in Calcutta

A cut in the import duty on non-coking coal from 85 to 35 per cent has come as a shock to the Indian coal industry.

The industry has been criticised since its nationalisation in the early 1970s for not giving due attention to customer servicing and the quality of fuel produced. In the protected regime, the emphasis had been on stepping up production.

Mr S.K. Chowdhary, chairman of Coal India Limited, the third largest coal company in the world, says the lowering of customs duty may lead to the import of 10m tonnes of non-coking coal in the next three years. But other industry experts suggest that the power plants and other big coal consuming industries located near the ports will be importing much more than that.

At $12 a tonne Indian non-coking coal comes much cheaper than the imported coal, which costs about $30 a tonne. But as coal mined abroad has a high calorific value and lower ash content, import at 35 per cent duty will make sense for the strategically-located industrial units. Moreover, the duty-free import of coal is allowed for the production of exportable goods.

Coal industry officials admit that the import of non-coking coal will force the Planning Commission to rework its production targets. The industry, which in recent years had recorded an annual growth rate of about 5 per cent, will at the most see a marginal rise in production in the current year. CIL which accounts for over 90 per cent of India's coal output has a production target of 223m tonnes for 1994-95 (April to March), against last year's production of 216.1m. The company has stocks of 40m tonnes of coal at the pitheads, however, so it may not chase the 1994-95 production target.

Mr Chowdhary says CIL is in the process of working out a strategy to meet the competition from imports. The most important component of this will be to organise the supply of beneficiated power grade coal, in place of the present run of the mine non-coking coal.

The company will not itself set up washeries for non-coking coal. Mr Ajit Panja, the minister of coal, has said that the private sector will be allowed to set up coal washeries on a "build-own-operate" basis, and CIL has shortlisted 16 of the 42 private companies that have shown interest in building washeries.

"If the non-coking coal is beneficiated, then the power plants and other consumers will get fuel of uniform quality from indigenous sources, even though the ash content of coal will remain high. But the Indian boilers are designed to use high ash content coal," says Mr P.K. Sengupta, director of CIL.

The setting up of washeries will, however, take time. While CIL will try to limit imports, it thinks it should be possible to develop an export market for Indian coal, which has a low sulphur content. CIL will be talking to foreign coal producers and trading companies to explore the possibility of blending Indian coal with high-sulphur foreign coal for export to third countries.

The company is reported to be keen to lease some mines in Australia and export most of their production to India.

In the meantime, CIL has made a strong representation to the federal government that in the "liberalised import environment", it should have the freedom to fix coal prices and production targets. There are strong indications that the government will remove the price control on coal in phases.

The new environment also demands that CIL should bring down the cost of production of coal by improving the output per man-shift, which is very low in India compared with international standards, and closing down the uneconomic mines. In the first phase, 14 underground and four open cast pits will be closed down.

NY exchanges prepare for merger vote

By Laurie Morse in Chicago

Members of New York's two biggest futures exchanges vote on Monday on a proposed merger that would result in an historic alliance between the an international oil market and a global gold market.

"From a global point of view, this merger would make us [both exchanges] much more competitive," Mr Daniel Rappaport, chairman of the New York Mercantile Exchange and a vocal supporter of the plan, said yesterday.

Although New York's fractious futures exchanges have made plans before, the current talks between Nymex and the smaller New York Commodities Exchange (Comex) have gone farther than any in recent memory.

The plan, which needs approval from two-thirds of the Comex members who vote, and 50 per cent of Nymex votes to pass, would make Comex a division of Nymex. Comex's 786 members are being offered $50m in cash for their exchange, and would also retain beneficial trading rights for Comex and some Nymex products after the merger.

MARKET REPORT

Base metals under pressure

Base metals ended lower as market indicators continued to point downwards.

COPPER broke through the bottom of its recent $1,880-$1,900 a tonne range following commission house selling and long liquidation. But solid buying and short-covering aided a recovery.

Commission house and trade selling kept ALUMINIUM on the defensive.

Compiled from Reuter

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1250.5-51.5	1274-75
Previous	1264.5-5.5	1290.5-1.5
High/low		1290/1274.5
AM Official	1256.5-7.0	1281-1.5
Kerb close		1280-1
Open int.	252,380	
Total daily turnover	53,113	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1295-300	1290-300
Previous	1345-55	1333-8
High/low	1335/1295	1325/1305
AM Official	1325-35	1320-25
Kerb close		1300-5
Open int.	4,052	
Total daily turnover	561	

■ LEAD ($ per tonne)

Close	425.5-6.5	440.5-41.0
Previous	425.5-6.5	440-41
High/low		442/436
AM Official	424-4.5	438.5-9.0
Kerb close		443-4
Open int.	32,267	
Total daily turnover	8,627	

■ NICKEL ($ per tonne)

Close	5205-15	5280-90
Previous	5275-85	5350-55
High/low	5200	5330/5270
AM Official	5195-200	5275-80
Kerb close		5310-5
Open int.	51,459	
Total daily turnover	16,224	

■ TIN ($ per tonne)

Close	5288-90	5345-50
Previous	5295-300	5355-60
High/low		5390/5330
AM Official	5275-85	5340-45
Kerb close		5380-90
Open int.	16,816	
Total daily turnover	4,713	

■ ZINC, special high grade ($ per tonne)

Close	900-1	922-3
Previous	910-11	932.5-33.0
High/low	903	928/919
AM Official	902.5-3.5	925-5.5
Kerb close		920-21
Open int.	98,622	
Total daily turnover	23,349	

■ COPPER, grade A ($ per tonne)

Close	1861.5-2.5	1884-5
Previous	1868.5-9.5	1893-4
High/low	1857.5	1890/1877
AM Official	1857.5-58	1881-81.5
Kerb close		1890-1
Open int.	184,113	
Total daily turnover	58,378	

■ LME AM Official £/$ rate: 1.4957
LME Closing £/$ rate: 1.4950

Spot:1.4950 3 mths:1.4913 6 mths:1.4886 9 mths:1.4877

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Apr	88.75	+1.90	88.80	88.70	287	72
May	88.70	+1.85	88.80	88.05	17,515	23
Jun	88.80	+1.75	88.80	88.40	932	32
Jul	88.80	+1.55	88.85	86.45	25,038	68
Aug	88.75	+1.45	88.75	87.05	434	-
Sep	88.75	+1.40	88.95	86.65	5,604	1,131
Total					69,092	2,522

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	372.50-372.90	
Opening	373.60-374.00	
Morning fix	373.75	249.449
Afternoon fix	373.30	249.699
Day's High	374.00-374.30	
Day's Low	372.40-372.80	
Previous close	371.60-372.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....3.55 6 months 3.96
2 months ....3.61 12 months 4.48
3 months 3.68

Silver Fix	p/troy oz.	US cts equiv.
Spot	351.90	526.50
3 months	356.40	531.80
6 months	360.85	537.60
1 year	371.05	552.10
Gold Coins	**$ price**	**£ equiv.**
Krugerrand	375-378	251-254
Maple Leaf	383.40-385.85	
New Sovereign	88-91	59-62

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	373.1	+0.9	373.1	372.5	395	47
May	373.5	+0.9	-	-	-	-
Jun	374.7	+0.8	375.3	373.6	90,380	24,907
Aug	377.4	+0.8	378.0	376.5	11,432	302
Oct	380.3	+0.8	380.3	379.6	5,371	22
Dec	383.3	+0.8	383.8	382.5	14,671	569
Total					148,295	28,382

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Apr	387.8	+0.9	-	-	52	16
Jul	390.5	+0.9	392.5	390.5	18,210	2,791
Oct	391.9	+0.9	394.0	391.9	1,825	57
Jan	393.0	+0.9	-	-	750	38
Apr	394.4	+0.9	397.0	394.4	933	9
Total					21,770	2,911

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Jun	134.75	+0.30	135.00	134.00	3,168	400
Sep	134.65	+0.30	135.25	134.00	636	145
Dec	134.65	+0.30	135.00	134.65	261	-
Total					4,065	545

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Apr	522.7	-2.3	-	-	-	-
May	523.2	-2.3	529.0	523.0	39,026	16,448
Jun	525.2	-2.3	-	-	11	16
Jul	527.7	-2.3	534.0	527.5	46,891	7,690
Sep	532.1	-2.3	538.0	532.1	5,553	207
Dec	539.1	-2.3	544.0	539.1	10,726	78
Total					115,823	24,530

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jun	16.21	-0.11	16.32	16.16	138,483	76,758
Jul	16.12	-0.08	16.18	16.07	50,857	20,306
Aug	16.08	-0.08	16.14	16.04	30,453	6,162
Sep	16.07	-0.08	16.13	16.05	23,429	4,036
Oct	16.13	-0.04	16.14	16.02	13,640	882
Nov	16.10	-0.10	16.15	16.10	10,660	883
Total					424,055	155,074

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jun	14.94	-	15.01	14.86	75,799	25,676
Jul	14.87	+0.01	14.90	14.80	31,639	7,730
Aug	14.80	-0.08	14.87	14.80	15,641	1,987
Sep	14.82	-0.08	14.90	14.81	9,920	1,265
Oct	14.87	-0.10	14.95	14.86	3,353	192
Nov	14.95	-0.02	14.99	14.95	2,994	100
Total					144,707	38,811

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
May	46.20	-0.20	46.40	45.90	31,158	14,472
Jun	46.15	-0.08	46.25	45.90	40,977	13,057
Jul	46.40	-0.02	46.50	46.30	33,277	4,659
Aug	47.05	+0.03	47.10	46.95	11,587	2,683
Sep	48.00	-0.02	48.00	47.95	9,376	859
Oct	49.00	+0.08	49.00	48.80	7,117	250
Total					163,092	37,333

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	149.50	+2.00	149.50	147.75	25,220	3,915
Jun	147.25	+1.00	148.00	146.50	20,627	2,654
Jul	148.00	+1.50	148.00	147.00	13,997	2,012
Aug	149.50	+1.25	149.50	148.75	6,257	488
Sep	150.75	+0.75	150.75	150.00	5,184	124
Oct	153.00	+0.50	153.00	152.50	5,545	50
Total					96,402	9,380

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
May	2.130	-0.009	2.149	2.120	12,413	12,053
Jun	2.165	-0.004	2.175	2.160	20,881	4,876
Jul	2.174	-	2.180	2.170	12,447	1,241
Aug	2.180	+0.001	2.180	2.175	10,227	1,070
Sep	2.190	+0.004	2.188	2.185	11,299	557
Oct	2.215	+0.002	2.215	2.210	7,064	183
Total					128,619	20,840

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
May	48.40	-0.38	48.80	48.25	45,153	13,861
Jun	49.05	-0.30	49.35	48.80	43,048	12,191
Jul	49.10	-0.32	49.30	48.95	18,200	2,459
Aug	48.90	-0.17	49.00	48.70	11,990	2,462
Sep	48.25	-0.22	48.40	48.10	7,318	211
Oct	46.65	-0.32	46.70	46.60	1,169	22
Total					126,832	31,206

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	115.00	-0.35	116.00	115.00	1,000	289
Jun	115.20	-0.65	116.50	115.20	1,087	125
Sep	95.10	-0.10	95.00	95.00	489	4
Nov	95.90	-0.20	96.00	95.75	1,334	43
Jan	97.85	-0.25	97.85	97.60	709	60
Mar	98.05	-0.15			350	-
Total					5,004	553

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

May	315/4	-2/2	318/4	314/6	46,910	12,400
Jul	314/2	-1/0	316/6	313/6	143,215	31,370
Sep	318/2	-1/0	320/4	317/4	25,320	5,285
Dec	327/6	-1/0	329/6	327/2	28,275	3,275
Mar	330/0	-2/0	332/0	330/0	1,895	55
May	326/0	-2/0	-	-	120	120
Total					246,830	52,570

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

May	261/6	+1/2	262/0	260/2	325,835	65,820
Jul	265/2	+0/6	265/6	264/0	626,970	100,580
Sep	259/2	+1/2	259/6	258/2	142,040	6,440
Dec	253/6	+2/0	254/0	251/6	361,855	41,810
Mar	260/0	+2/0	260/0	258/2	32,565	4,090
May	264/4	+2/0	264/4	262/4	3,875	80
Total					[illegible]	220,249

■ BARLEY LCE (£ per tonne)

May	109.15	+0.15	109.15	109.00	168	8
Sep	95.50	-	-	-	136	-
Nov	97.15	-0.15	-	-	115	-
Jan	98.90	-0.25	-	-	16	-
Mar	100.00	-0.25	-	-	7	-
Total					436	8

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

May	665/4	-0/4	667/0	662/6	163,905	52,875
Jul	664/4	-	665/6	661/4	282,970	158,340
Aug	658/0	+0/6	660/0	656/0	50,352	5,995
Sep	637/4	+0/2	639/0	636/4	29,255	2,605
Nov	622/0	+0/4	623/4	620/0	184,180	38,350
Jan	627/4	-	628/4	626/0	13,410	645
Total					738,930	259,988

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

May	28.11	-0.12	28.20	28.00	19,781	3,774
Jul	28.01	-0.16	28.12	27.90	33,817	9,605
Aug	27.70	-0.06	27.80	27.61	11,302	1,279
Sep	27.15	-0.07	27.20	27.05	10,250	930
Oct	26.10	-0.15	26.20	26.05	8,336	681
Dec	25.41	-0.08	25.52	25.30	15,341	1,204
Total					101,914	17,687

■ SOYABEAN MEAL CBT (100 tons; $/ton)

May	189.3	+0.8	189.4	188.3	18,704	5,692
Jul	189.5	+1.1	189.6	188.3	35,319	7,630
Aug	188.3	+1.1	188.4	187.2	10,526	1,277
Sep	188.7	+1.0	187.0	185.7	7,894	537
Oct	184.8	+0.9	185.2	184.2	4,717	116
Dec	183.8	+1.2	184.2	182.6	12,961	1,667
Total					92,084	17,141

■ POTATOES LCE (£/tonne)

May	265.0	+5.5	268.0	259.5	298	104
Jun	282.5	-	-	-	2	-
Nov	100.0	-	-	-	-	-
Mar	105.5	-	-	-	-	-
Apr	141.8	+6.3	141.8	137.0	431	33
May	140.0	-	-	-	-	-
Total					729	137

■ FREIGHT (BIFFEX) LCE ($10/index point)

Apr	1330	+4	1330	1320	897	68
May	1345	+4	1350	1340	767	105
Jun	1270	+5	1275	1270	240	127
Jul	1180	+3	1185	1180	577	70
Oct	1285	-5	-	-	256	-
Jan	1329	-1	-	-	144	-
Total					2,871	370

	Close	Prev
BFI	1321	1304

Wool

Prices at wool sales this week have held firm and in Australia the market indicator edged to a new high for the season. This was only one cent above the previous high when sales were resumed after the Easter recess almost two weeks ago, however, progress on the the upward trend has been extremely slow. Trading conditions in wool using countries are very widely said to be dull, and Europe is suffering from very competitive pricing, some high stocks of semi-processed products, and a hesitant recovery from recession where this can be identified at all. Currency factors have tended to push down prices in many wool using countries, and sterling is buying more in dollar terms. The official Wool International market indicator closed the selling week at 574 cents a kg.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	853	-4	859	850	10,102	1,940
Jul	872	-5	879	869	19,676	5,701
Sep	892	-4	898	888	12,084	2,027
Dec	914	-2	917	910	18,476	824
Mar	938	+1	941	932	26,513	677
May	949	-	951	948	9,908	147
Total					107,128	11,327

■ COCOA CSCE (10 tonnes; $/tonnes)

May	1099	+22	1105	1080	699	461
Jul	1117	+8	1132	1110	38,835	10,494
Sep	1146	+10	1156	1138	13,344	782
Dec	1183	+8	1199	1180	7,847	368
Mar	1214	+4	1223	1211	10,463	180
May	1237	+4	1233	1233	4,961	102
Total					79,742	12,524

■ COCOA (ICCO) (SDR's/tonne)

April 21	Price	Prev. day
Daily	881.34	899.34
10 day average	N/A	N/A

■ COFFEE LCE ($/tonne)

May	1585	-10	1625	1581	8,361	1,266
Jul	1494	+10	1545	1485	18,585	4,167
Sep	1469	+1	1526	1468	8,671	2,889
Nov	1459	-	1512	1455	4,298	1,112
Jan	1446	+5	1501	1452	5,382	136
Mar	1435	+7	-	-	1,891	-
Total					48,187	9,669

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

May	83.10	+0.55	83.70	82.65	5,061	4,246
Jul	84.00	+0.10	84.80	83.75	31,008	8,440
Sep	85.35	+0.05	86.20	85.15	10,258	1,870
Dec	86.75	+0.05	87.70	86.65	4,762	790
Mar	87.65	+0.05	88.90	87.65	2,243	94
May	88.70	-0.10	89.80	88.60	381	23
Total					53,716	15,484

■ COFFEE (ICO) (US cents/pound)

April 20	Price	Prev. day
Comp. daily	81.48	79.64
15 day average	79.81	79.63

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

May	11.36	+0.44	-		513	47
Jul	11.80	+0.47	-		2,670	60
Oct	11.49	+0.33	-		292	-
Total					3,475	107

■ WHITE SUGAR LCE ($/tonne)

Aug	323.30	+6.8	323.30	317.40	10,772	728
Oct	307.80	+7.0	307.80	302.00	5,479	349
Dec	302.60	+5.8	302.60	298.60	259	68
Mar	300.80	+5.8	301.00	297.50	823	70
May	301.20	+5.8	-	-	190	-
Aug	305.20	+5.8	-	-	215	-
Total					18,748	1,215

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

May	11.21	+0.44	11.22	10.87	16,191	6,929
Jul	11.48	+0.49	11.52	11.09	44,202	12,044
Oct	11.23	+0.36	11.26	10.95	29,930	2,385
Mar	11.02	+0.30	11.04	10.79	15,276	1,064
May	11.03	+0.30	11.03	10.83	2,115	96
Jul	11.02	+0.29	10.90	10.85	1,190	-
Total					109,297	22,518

■ COTTON NYCE (50,000lbs; cents/lbs)

May	81.57	+0.88	82.20	80.30	9,456	2,873
Jul	81.20	+0.78	81.75	79.85	26,885	5,417
Oct	75.50	-0.25	75.50	74.75	3,800	430
Dec	72.90	-0.40	73.00	72.30	16,198	1,353
Mar	73.65	-0.85	73.85	73.30	1,215	363
May	74.39	-0.17	74.20	73.90	520	50
Total					58,136	10,494

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	101.10	+2.00	102.00	99.35	4,218	817
Jul	103.75	+2.00	104.50	102.00	12,571	981
Sep	106.85	+2.20	107.25	105.00	2,526	398
Nov	107.35	+2.10	108.80	106.80	1,117	103
Jan	109.00	+2.45	109.20	107.50	1,748	249
Mar	111.00	+2.45	-	-	594	158
Total					22,776	2,377

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Apr 21	Apr 20	month ago	year ago
1814.2	1819.3	1843.9	1650.0

■ CRB Futures (Base: 4/9/56=100)

Apr 20	Apr 19	month ago	year ago
222.47	220.21	230.10	208.00

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	75.875	+0.050	75.975	75.525	2,777	1,566
Jun	72.650	-0.025	72.700	72.225	31,881	5,485
Aug	70.975	-0.050	71.025	70.650	12,311	1,337
Oct	72.500	-0.100	72.625	72.275	10,801	605
Dec	72.925	-0.050	72.925	72.875	5,753	459
Feb	72.700	-0.050	72.850	72.650	1,983	211
Total					66,298	9,704

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Apr	45.925	-0.050	45.950	45.475	341	209
Jun	52.525	+0.025	52.600	52.150	17,024	2,172
Jul	51.800	-0.050	51.950	51.450	5,541	861
Aug	49.800	-0.050	49.925	49.525	3,473	378
Oct	44.850	-0.125	45.000	44.600	2,015	165
Dec	45.200	-0.200	45.350	44.800	2,511	202
Total					31,430	4,012

■ PORK BELLIES CME (40,000lbs; cents/lbs)

May	53.300	-0.100	53.375	52.450	3,888	1,107
Jul	54.250	-	54.350	53.400	5,227	1,618
Aug	52.150	+0.225	52.300	51.400	610	137
Feb	55.700	-0.300	55.900	55.600	128	11
Mar	55.200	-0.200	-	-	14	1
May	57.000	-	-	-	19	3
Total					10,966	2,783

LONDON TRADED OPTIONS

Strike price $ tonne	— Calls —		— Puts —	
■ ALUMINIUM (99.7%) LME	Jul	Oct	Jul	Oct
1275	44	74	39	47
1300	33	61	52	57
1325	24	50	68	72
■ COPPER (Grade A) LME	Jul	Oct	Jul	Oct
1850	82	113	18	50
1900	55	86	33	72
1950	34	63	55	98
■ COFFEE LCE	May	Jul	May	Jul
1300	295	191	-	7
1350	245	149	-	15
1400	195	111	-	35
■ COCOA LCE	Jul	Sep	Jul	Sep
875	29	58	32	41
900	20	46	48	54
925	13	37	66	70
■ BRENT CRUDE IPE	May	Jun	May	Jun
1400	-	108	-	8
1450	-	-	-	17
1500	-	41	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jun)

		+or-
Dubai	$13.77-3.84y	+0.180
Brent Blend (dated)	$15.55-5.59	+0.370
Brent Blend (Jun)	$15.11-5.13	+0.270
W.T.I. (1pm est)	$16.47-6.48y	+0.280

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$170-172	+2
Gas Oil	$153-155	+2
Heavy Fuel Oil	$70-72	+1
Naphtha	$144-146	+1
Jet Fuel	$162-164	+1

Petroleum Argus Estimates

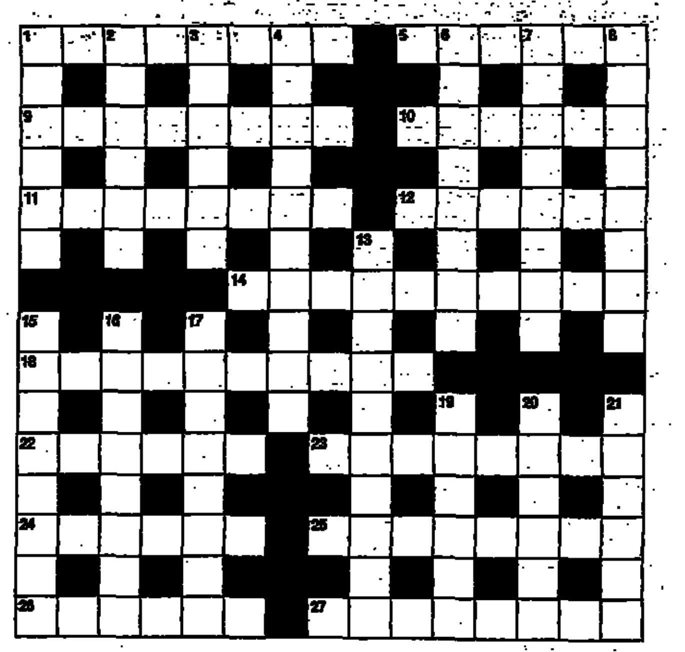
■ OTHER

Gold (per troy oz)♣	$372.70	+0.90
Silver (per troy oz)♣	525.50c	+4.00
Platinum (per troy oz.)	$389.25	+3.75
Palladium (per troy oz.)	$134.00	+1.25
Copper (US prod.)	91.00c	
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.15r	-0.13
Tin (New York)	246.00c	-1.50
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	127.04p	-1.60*
Sheep (live weight)†♠	141.29p	+0.77*
Pigs (live weight)	78.01p	+3.44*
Lon. day sugar (raw)	$266.8	-1.8
Lon. day sugar (wte)	$322.5	-1.3
Tate & Lyle export	£289.0	-4.0
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	$138.5	
Wheat (US Dark North)	£180.0x	
Rubber (May)♥	69.75p	+0.50
Rubber (Jun)♥	70.00p	+0.50
Rubber(KL RSS No1 Apr)	253.00m	+0.50
Coconut Oil (Phil)§	$567.5t	-2.5
Palm Oil (Malay.)§	$440.0w	-7.5
Copra (Phil)§	$365.0	
Soyabeans (US)	£214.0	
Cotton Outlook A Index	84.75c	-0.15
Wooltops (64s Super)	402p	-3

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Mar/Apr. y Jun. w May. t May/Jun. x Apr/May. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,435 Set by DOGBERRY



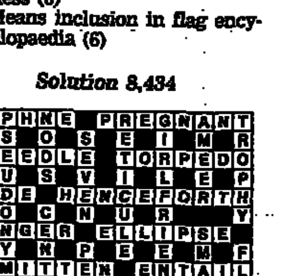
ACROSS

1 Primate employed inhaling hard black tar (4-4)
5 Worse off than the negotiator (6)
9 Famous landing site in "Two Little Boys" (8)
10 Vegetable in furrow retreating from hint of frost (6)
11 Fixations with regret about piercing features (8)
12 Fix two soldiers first (6)
14 Quickly sent in more soup (10)
18 Unwanted prize for progress, taking a turn for the better (4,6)
22 Claims early lead for the opposition (6)
23 Fetch round support for decoration (8)
24 General disheartened by rough ride in aircraft (6)
25 Churchman taking tea without milk (8)
26 'Ard 'at put back round preacher's head, or part of it (6)
27 Mature whisky back to front leads to sin (8)

DOWN

1 Bit of French literature degree above yielding fruit (6)
2 Odds on total defeat of vegetable (6)
3 Light meat containing additive (6)
4 Songster using "shift" to get capital R (10)
6 Obstacle in the way of the game (8)
7 Endless colour in tree-climbing marsupial (8)
8 He brings news of one drinking up, embracing king and queen (8)
13 Looked into burn with companion in the grass (10)
15 Reformed sect holding classical craft a delicacy (8)
16 Quartermaster receiving university tie is moved to passive behaviour (8)
17 China encourages torture (8)
19 Get rid of records put into cover the wrong way up (6)
20 Verbal assault on one in business (6)
21 Means inclusion in flag encyclopaedia (6)

Solution 8,434



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Retail sales gain undermines base rate hopes

By Terry Byland,
UK Stock Market Editor

The reverberations from Lloyds Bank's £1.8bn purchase of Cheltenham and Gloucester, Britain' sixth largest building society, dominated a UK stock market subdued yesterday by a further, and possibly final, blow to near-term optimism on base rates. The announcement of a 0.8 per cent gain in domestic retail sales in March – well above expectations – was widely seen as wiping out chances for a base rate cut, at least on economic grounds.

The FT-SE Index struggled back above the 3,100 mark, but only with the help of a sharp rise in Lloyds Bank shares which was worth nearly four points on the Index. The final reading showed the FT-SE Index at 3,101.2, up 2.9 on the day, with London benefiting at the close from a gain of 17 Dow points in early trading in New York.

The stock market took a highly favourable view of Lloyds bank's deal, regarding it as a potentially highly profitable move into the premium area of the housing finance sector at an attractive price. Trading volume in Lloyds' shares approached the highest daily figure for the past six years, and there were signs that investment funds were switching into Lloyds from some other financial sector issues.

However, with its views on the implications of the March retail figures largely confirmed by gains in sterling and falls in short-dated government bonds, the equity market made little headway. Analysts refused to take an entirely negative stance, however, commenting that equities might benefit as the market turned away from its fixation with base rates and paid more heed to the flow of higher dividends and earnings from UK companies as the domestic economy extends its recovery.

Account Dealing Dates			
*First Dealings:	Apr 11	Apr 25	May 16
Option Declarations:	Apr 21	May 12	Jun 2
Last Dealings:	Apr 22	May 13	Jun 3
Account Day:	May 3	May 23	Jun 13

*New time dealings may take place from two business days earlier.

The possibility that base rates will be cut for political reasons remains but equities could well react badly to such a move, according to some analysts.

Seaq volume increased to 795.7m shares from Wednesday's 675.5m. *But around 6 per cent of yesterday's* volume came in three stocks – Lloyds Bank, Lasmo and Rank Organisation. The FT-SE Mid 250 Index closed just 0.1 off at 3,782.5.

The market was helped by firmness in the pharmaceutical sector although this was offset by a slower performance from the leading oil stocks which have been moving up sharply since views on crude oil prices turned more positive.

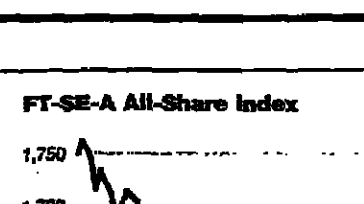
The bank sector, in spite of the strong gain in Lloyds Bank shares, ended weaker on the session as the withdrawal of base rate speculation suggested that the investment focus might shift to the manufacturing sectors of the stock market.

Strong gains were recorded among the store and retail stocks, with the favourable implications of the March retail figures clearly outweighing the fading of base rate hopes. Among stocks with international associations, the cut in intervention rates by the Bank of France was a favourable factor.

Some strategists suggested that the March retail sales figures, which contrasted with the tone of the survey published earlier this week by the Confederation of British Industries, should be treated with caution. Some nervousness was also expressed over the continuing hints from the forward sterling markets that UK interest rates might head higher sooner than expected.

Statistics on domestic M4 money supply are due this morning, but next week the stress will be on data on the US economy.

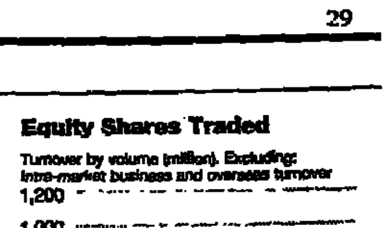
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ **Key Indicators**

Indices and ratios

FT-SE 100	3101.2	+2.9	FT Ordinary Index	2470.7	+8.0
FT-SE Mid 250	3782.5	-0.1	FT-SE-A Non Fins p/e	20.47	(20.38)
FT-SE-A 350	1579.1	+1.1	FT-SE100 Fut Jun	3115.0	+10.0
FT-SE-A All-Share	1571.02	+1.07	10 yr Gilt yield	7.86	(7.96)
FT-SE-A All-Share yield	3.69	(3.70)	Long gilt/equity yld ratio:	2.20	(2.21)

Best performing sectors		Worst performing sectors	
1 Oil Exploration & Prod	+1.2	1 Merchant Banks	-1.5
2 *Pharmaceuticals*	+1.0	2 Retailers, Food	-1.0
3 Gas Distribution	+0.8	3 Extractive Industries	-0.9
4 Insurance	+0.7	4 Oil, Integrated	-0.5
5 Telecommunications	+0.6	5 Banks	-0.5

Heavy action in banks

A £1.8bn agreed merger of the Cheltenham & Gloucester Building Society and Lloyds Bank was the catalyst for a chain of big moves throughout the financial sectors as analysts and institutions began to manoeuvre their recommendations and stances in the light of the deal.

Lloyds Bank shares rocketed as the market reacted positively to the news, reaching a session high of 588p, before easing back to close a net 48 firmer at 585p. Turnover of 24m shares was the highest single-day's business for five and a half years. Lloyds shares reached an all-time high of 684p on December 29, but have since fallen sharply with the other banks as the City has become disenchanted with the sector.

The market has been waiting for Lloyds to make a bold strategic move ever since its last expansion attempt in April 1992, when it unsuccessfully sought a merger with Midland Bank.

The deal also impacted on Standard Chartered, where Lloyds retains a near 5 per cent shareholding following an unsuccessful takeover attempt in the 1980s. Standard shares, also reflecting further overall weakness in the Hong Kong market dropped 20 to 1015p on assumptions that the chances of Lloyds bidding again for Standard may have diminished and that the stake could be sold. Some observers said, however, that Lloyds may yet move to acquire Standard which has an enviable presence throughout the far east.

Other bank shares fell sharply on fears that Lloyds/C & G will introduce much fiercer competition in the UK mortgage market. Abbey National was the hardest hit, the shares sliding 17½ to 446½p, while Barclays dipped 7 to 509p and NatWest 4¼ to 445½p. Shares in Lloyds' life assurance subsidiary, Lloyds Abbey Life, sprinted 21 to 405p, reflecting the increase customer base for its products.

One banks specialist said Lloyds' merger with C & G, "solves at a stroke the former major worries about Lloyds, ie the acquisition and succession problems". He warned that Abbey National "now faces a fierce assault from what now looks certain to be a price war in the mortgage market."

Lasmo alert

Takeover speculation in Lasmo, the oil exploration group, continued unabated yesterday as marketmakers reported heavy trading in the ordinary shares, the "new" nil-paid stock and in the traded options market.

Heavy activity in traded options earlier this week alerted the market to the possibility that a potential bidder could be stalking the company. Elf remains the market's favourite to bid for Lasmo, although other names, including Enterprise have been mooted.

Yesterday saw 11m ordinary shares traded, 9.8m new shares change hands and the equivalent of over 5m shares traded in the options.

Dealers said the pattern of trading in Lasmo shares and options yesterday was the same as earlier in the week. The ordinaries opened better, eased in mid-session and then moved up again as the buyer of the options re-appeared during the afternoon. "It certainly feels as if a stake-builder or bidder might be operating," said one broker."

Lasmo ordinaries closed a further 4 higher at 145p and the "new" nil-paid 4 up at 41p, after 43p. Lasmo options were the second heaviest traded.

An institutional seller of over 6m shares in Rank Organisation – around 2.5 per cent of the company – boosted total turnover in the leisure group to 14m, the third highest volume ever. S.G. Warburg, the company's broker, was said to have bought the stock at 618p and sold it to several institutions at 621p. One dealer said the small discount to the current Rank share price and the speed of the placing was an indication of the strong sentiment underpinning recent strength in the stock. Rank shares slipped 3 to 423p.

In another big deal, 16m Iceland shares – over 6 per cent of the frozen food retailer – were crossed by Charterhouse Tilney at 155p. The shares ended steady at 164p.

A stock overhang in Compass Group, with dealers talking of an unplaced line of 1.5m, saw the shares retreat 14 to 333p.

Disappointing figures from Albert Fisher knocked the shares, off 6 at 57p.

BICC outperformed the market, the shares closing 8 firmer at 443p in the wake of as series of upbeat institutional presentations in Scotland yesterday and in London on Wednesday. The company was said to have told institutions that European markets are performing better than had been expected and that the US businesses continued to perform strongly.

Vodafone jumped 12 more to 512p as NatWest's positive stance on Wednesday was followed yesterday by a profits upgrading and buy recommendation issued by Hoare Govett. The broker increased its 1996 forecast by £45m and said it expected 1m new subscribers for Vodafone this year.

Continuing worries that the UK merchant banks and financial institutions have suffered badly from the downward spiral in bond markets since mid-February triggered renewed weakness in merchant banks where Hambros lost 17 more to 348p and Kleinwort the same to 448p.

Financial services groups were hit as senior market traders suggested that Lloyds' move to absorb C & G could well bring substantial redemptions of unit trusts with monies being deposited ad hoc in building society accounts to take advantage of any further moves by banks to absorb building societies. Mercury Asset Management, one of the UK's leading fund management groups, retreated 5 to 590p.

Hogg Group moved up 10 more to 234p as the market became increasingly convinced that an opening shot of around 240p in a potential takeover battle for the insurance broker is imminent. HSBC, remains the market's favourite to initiate the battle, with several probable bidders in the wings.

Better than expected first quarter figures from SmithKline Beecham saw the pharmaceutical group's shares rise 8 to 372p on turnover of 1.7m and the Units add 12 at 339p with 1.7m dealt.

A profit warning from Transport Development sent the shares down 10 to 252p.

Conglomerate Williams Holdings rose 9 to 394p as SGST *advised clients to switch* out of TI, down 2 before rallying to close 4 better at 418p.

MARKET REPORTERS:
Steve Thompson,
Christine Buckley
Chris Price, Peter John.

■ Other statistics, Page 29

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (27).
BUILDING & CNSTRN (2) Regent Corp, Shanco Group Hldgs., DISTRIBUTORS (2) Adam & Harvey, Jacks (Wm), ELECTRNC & ELECT EQUP (3) Control Techniques, Nokia Prf., Pelon, ENGINEERING (1) Domnick Hunter, ENG. VEHICLES (4) Bostrom, GKN, Laird, Volkswagen, EXTRACTIVE INDS (1) Anglo Amer. Coal, FOOD MANUF (1) Linton Park, INSURANCE (1) Hogg Group, LEISURE & HOTELS (2) Ramsden's (H), Stanle, MEDIA (2) Dorling Kindersley, Metal Bulletin, OIL EXPLORATION & PROD (2) LASMO, Do 9¾pc Prf., PRTNG, PAPER & PACKG (2) Sidlaw Group, Smith (DS), PROPERTY (1) Davies (DY), RETAILERS, GENERAL (1) Austin Reed, SUPPORT SERVS (1) Admiral, AMERICANS (1) BellSouth Corp.
NEW LOWS (205).
GILTS (27) BANKS (6) BUILDING & CNSTRN (5) Barcom, VHE, Wilson Bowden, BLDG MATLS & MCHTS (1) Norcros, DISTRIBUTORS (2) BSS, Diploma, DIVERSIFIED INDLS (3) BTR Nylex, Pacific Dunlop, Western Mining, ELECTRICITY (3) ELECTRNC & ELECT EQUP (6) ENGINEERING (1) Hall Eng., EXTRACTIVE INDS (14) FOOD MANUF (2) Booker, Sims, HEALTH CARE (1) London Int'l., HOUSEHOLD GOODS (1) Lionheart, INSURANCE (6) Alex. & Alex., FAI, Independent, Skandia, Syndicate Cap. Wts., Topdanmark, INVESTMENT TRUSTS (84) INVESTMENT COMPANIES (13) LEISURE & HOTELS (1) Compass, LIFE ASSURANCE (1) Trans. 9 6pc Pf., MEDIA (3) Allied Radio, City of Lon. PR, Saatchi, MERCHANT BANKS (6) Hambros, Do 7¾pc Prf., Joseph (L), Kleinwort Benson, Warburg (SG), OIL EXPLORATION & PROD (1) Central Pac., OIL, INTEGRATED (1) Mobil, OTHER FINANCIAL (8) Bancaire Cie, Berry, Birch & Noble, Cleyhithe 9¾pc Cv '00/1, Mercury Asset Mgmt., Smith New Court, Do Prf., Trio, Tyndall Australia Options, OTHER SERVS & BUSNS (2) PHARMACEUTICALS (2) Wellcome, Zeneca, PRTNG, PAPER & PACKG (3) PROPERTY (1) Tops Estates, RETAILERS, FOOD (4) Argyll, Kwik Save, Merchant Retail, Tesco, RETAILERS, GENERAL (6) SUPPORT SERVS (1) Micro Focus, TELECOMMUNICATIONS (1) TEXTILES & APPAREL (3) Haggas (J), Leeds, Shani, TRANSPORT (6) WATER (6) Northumbrian, South West, Thames, Wessex, Yorkshire, AMERICANS (15) CANADIANS (9) SOUTH AFRICANS (1) NK Properties.

EQUITY FUTURES AND OPTIONS TRADING

Diminished hopes for an early interest rate cut contrasted sharply with more optimistic feelings in the market over the corporate outlook and led to volatile trading in the futures market, *writes Christopher Price.*

An expected weak opening failed to materialise, and the June FT-SE 100 contract moved up to 3,112 and began a period of tight trading prior to the retail sales figures coming out. Forecasts of a 0.3 per cent rise proved wide of the mark and at the unveiling of the chunky 0.8 per cent uplift June went into swift reverse as the market's hopes of a rate cut were seen to have been dealt a severe blow.

The heavy sell-off pushed June down to 3,083 at one stage, trading at a 7-point discount to the cash market. However, buyers moved back into the market and June clawed its way back, helped by a bright start on Wall Street and digestion of some impressive corporate results, particularly from SmithKline Beecham. One dealer reported sentiment among institutional buyers at its most positive for several weeks.

June closed at 3,115, its high of the day, with turnover reaching 13,282 contracts.

Traded options volume reached 52,739, with FT-SE turnover at 13,722. Lasmo, inspired by recent takeover talk, topped the stock options at 5,338 contracts.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3106.0	3115.0	+20.0	3118.0	3083.0	14527	54854
Sep	-	3133.5	+20.0	-	-	0	720
Dec	-	*3144.5*	*+19.5*	-	-	*0*	*210*

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3780.0	3775.0	+5.0	3780.0	3772.0	31	3391

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	-	3775.0	-	-	-	-	913
Sep	-	3805.0	-	-	-	-	-

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3436) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
May	177½	13	136½	21	98½	33½	67	52	42½	78½	24½	110½	13½	149½	7	196
Jun	192	27½	163½	41½	120½	56	92	78	67	103	46½	133	32½	169	19½	208
Jul	211	42	174½	55	141½	72½	113	94	87½	118½	67	148	49	161	38	218½
Aug	234½	66½	196	72	163½	90	132½	109½	107½	133½	87	162½	67	193	54	230
Dec†			264	118½			194	157			144	205½			99½	261½

Calls 7,344 Puts 5,912

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925		2975		3025		3075		3125		3175		3225		3275	
May	197½	11	154	16	115	27	81	41	53½	63½	32½	92	18	127½	8	167½
Jun	218½	22	171½	33	136	47	106	65½	78½	88½	57	116½	40	149	27	186
Jul	229	35			158	63			101	104½			59	162		
Sep	262	57½			194	88			137	128½			92	181½		
Dec†	392	90½			235½	120			178	159			130	207½		

Calls 5,810 Puts 718 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3750	3800	3850	3900	3950	4000	4050	4100
May	52½ 55½	77 36½	106 23½		14½	8½	5	3

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT - SE Actuaries Share Indices — The UK Series

	Apr 21	Day's chge%	Apr 20	Apr 19	Apr 18	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3101.2	+0.1	3098.3	3128.0	3138.2	2881.1	3.90	6.32	19.04	33.61	1150.71
FT-SE Mid 250	3782.5	....	3782.6	3805.9	3814.0	3135.7	3.25	5.41	22.85	30.07	1384.61
FT-SE Mid 250 ex Inv Trusts	3801.2	....	3800.3	3831.1	3830.9	3165.6	3.36	5.82	21.21	30.71	1387.16
FT-SE-A 350	1579.1	+0.1	1578.0	1591.8	1596.5	1429.3	3.75	6.10	19.79	16.04	1198.95
FT-SE SmallCap	*1927.39*	....	1928.87	1930.48	1932.63	1572.38	2.92	4.18	29.82	13.84	1474.09
FT-SE SmallCap ex Inv Trusts	1903.50	+0.1	1900.98	1903.44	1904.69	1581.96	3.08	4.61	27.10	13.60	1458.25
FT-SE-A ALL-SHARE	1571.02	+0.1	1569.95	1582.94	1587.45	1412.88	3.69	5.97	20.27	15.62	1213.64

■ **FT-SE Actuaries All-Share**

	Apr 21	Day's chge%	Apr 20	Apr 19	Apr 18	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(16)	2603.00	-0.4	2614.38	2646.23	2654.31	2142.60	3.53	4.65	26.79	30.90	1031.07
12 Extractive Industries(4)	3777.48	-0.8	3812.10	3853.13	3914.82	3044.40	3.43	4.72	25.47	41.61	1030.26
15 Oil, Integrated(3)	2534.78	-0.5	2547.48	2584.12	2584.50	2049.60	3.57	5.00	24.90	31.89	1024.42
16 Oil Exploration & Prod(11)	2002.74	+1.2	1979.39	1988.32	1973.24	1985.50	3.36	1.26	80.00†	15.36	1147.64
20 GEN MANUFACTURERS(262)	2103.08	+0.1	2100.24	2108.88	2105.34	1769.00	3.57	4.35	29.04	19.70	1052.53
21 Building & Construction(31)	1342.10	-0.2	1344.13	1350.78	1347.28	1062.70	2.78	4.08	31.21	9.12	1034.98
22 Building Matls & Merchs(30)	2130.59	+0.3	2123.70	2144.74	2143.20	1595.60	3.34	3.61	35.59	18.49	998.22
23 Chemicals(21)	2458.30	-0.3	2465.75	2479.78	2482.45	2179.70	3.74	4.63	27.02	27.53	1070.98
24 Diversified Industrials(19)	2078.14	+0.2	2073.57	2083.90	2070.90	1893.40	4.42	4.39	28.38	28.41	1043.34
25 Electronic & Elect Equip(34)	2066.48	+0.2	2061.39	2073.10	2076.46	1936.70	3.56	6.24	19.83	6.17	984.94
26 Engineering(71)	1972.89	....	1973.50	1970.40	1969.22	1481.70	2.79	3.80	32.95	13.71	1110.44
27 Engineering, Vehicles(12)	2485.16	+0.3	2477.55	2478.12	2472.33	1753.10	4.29	2.17	63.74	29.58	1198.82
28 Printing, Paper & Pckg(27)	2925.79	+0.6	2908.02	2923.83	2922.02	2371.00	2.84	4.80	25.18	24.57	1135.33
29 Textiles & Apparel(20)	1815.11	-0.3	1820.12	1832.88	1843.13	1862.10	3.83	5.48	23.47	18.62	1012.37
30 CONSUMER GOODS(95)	2676.58	+0.3	2667.37	2689.39	2699.58	2765.00	4.34	7.69	15.20	39.70	905.83
31 Breweries(17)	2271.80	-0.5	2282.18	2304.20	2312.81	2101.60	4.01	7.56	16.24	11.01	996.10
32 Spirits, Wines & Ciders(10)	2905.99	+0.3	2895.99	2926.19	2965.81	2862.20	3.71	6.72	17.28	41.44	961.00
33 Food Manufacturers(25)	2309.04	....	2309.55	2317.49	2341.55	2360.60	4.11	7.60	15.50	35.53	958.88
34 Household Goods(13)	2622.28	-0.1	2625.04	2623.39	2648.80	2288.00	3.35	7.01	18.38	35.58	932.05
36 Health Care(20)	1710.19	-0.4	1716.69	1733.18	1745.63	1697.10	3.23	5.55	21.40	7.32	973.17
37 Pharmaceuticals(11)	2698.69	+1.0	2673.28	2697.41	2675.28	3040.30	4.75	8.14	14.15	41.23	842.22
38 Tobacco(1)	3674.42	+0.5	3657.64	3699.59	3720.56	3743.60	5.74	9.40	12.40	102.36	818.22
40 SERVICES(220)	2032.45	....	2031.54	2041.25	2046.34	1795.80	2.86	5.69	21.86	10.12	960.18
41 Distributors(31)	3077.59	+0.2	3072.47	3060.94	3078.66	2658.20	2.83	4.91	24.58	31.44	1053.32
42 Leisure & Hotels(23)	2248.20	-0.4	2257.27	2289.40	2257.78	1758.70	3.19	4.08	29.64	13.63	1090.48
43 Media(39)	3112.45	+0.5	3095.84	3099.69	3102.70	2259.20	2.07	4.66	25.44	25.37	1069.23
44 Retailers, Food(17)	1527.84	-1.0	1543.62	1562.76	1581.88	1972.70	4.12	10.46	11.66	3.18	887.97
45 Retailers, General(44)	1749.87	+0.3	1745.02	1746.79	1754.48	1543.40	2.56	5.46	22.91	5.38	916.24
48 Support Services(40)	1648.99	+0.1	1647.25	1649.13	1645.26	1511.70	2.37	6.99	16.32	6.64	987.66
49 Transport(16)	2522.06	+0.2	2516.17	2555.10	2555.77	2030.50	3.34	3.97	28.74	11.84	971.30
51 Other Services & Business(10)	1130.62	-0.3	1134.22	1142.79	1142.45	1247.60	4.73	2.39	80.00†	4.92	955.77
60 UTILITIES(36)	2284.86	+0.5	2283.41	2305.83	2319.57	2145.10	4.35	7.80	16.25	5.60	858.28
62 Electricity(17)	2210.52	+0.2	2205.76	2240.97	2255.62	1782.10	3.74	11.20	10.97	15.85	892.79
64 Gas Distribution(2)	2022.88	+0.8	2006.69	2018.61	1990.77	2052.90	5.92	‡	‡	0.00	893.76
66 Telecommunications(4)	2002.29	+0.6	1990.07	2002.52	2027.91	1947.90	3.94	6.04	20.21	0.09	832.77
68 Water(13)	1722.15	+0.5	1714.21	1736.33	1742.84	1793.30	5.37	14.75	7.97	3.48	826.59
69 NON-FINANCIALS(631)	1700.00	+0.2	1697.36	1709.37	1713.06	1542.29	3.66	5.94	20.47	14.62	1176.51
70 FINANCIALS(103)	2202.49	-0.3	2209.21	2241.53	2256.45	1938.70	4.06	7.02	17.00	38.93	880.21
71 Banks(10)	2759.64	-0.5	2772.49	2810.45	2836.20	2404.60	3.90	7.23	18.37	55.86	816.10
73 Insurance(18)	1339.67	+0.7	1330.11	1362.73	1358.94	1330.70	4.77	8.31	14.04	27.77	905.13
74 Life Assurance(6)	2527.47	-0.2	2533.30	2559.16	2581.56	2598.00	4.92	7.21	17.11	53.38	858.07
75 Merchant Banks(6)	2825.54	-1.5	2867.52	2959.64	2984.12	2409.60	3.38	9.15	13.12	21.22	835.08
77 Other Financial(24)	1902.08	-0.3	1907.33	1925.75	1929.78	1417.80	3.48	6.51	18.48	17.48	987.59
79 Property(39)	1612.65	-0.4	1619.36	1631.12	1636.53	1177.80	3.80	4.06	31.27	7.31	903.31
80 INVESTMENT TRUSTS(122)	2631.85	-0.3	2641.07	2663.77	2668.71	2244.40	2.16	1.78	58.83	19.59	942.82
89 FT-SE-A ALL-SHARE(656)	1571.02	+0.1	1569.95	1582.94	1587.45	1412.88	3.69	5.97	20.27	15.62	1213.64

■ **Hourly movements**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3090.6	3097.0	3099.0	3094.2	3095.8	3092.8	3096.1	3099.9	3102.4	3102.4	3090.1
FT-SE Mid 250	3776.7	3778.0	3776.5	3778.2	3778.9	3774.7	3777.1	3778.8	3779.8	3782.5	3774.7
FT-SE-A 350	1574.4	1577.0	1577.5	1575.9	1576.4	1575.1	1576.8	1577.8	1579.3	1579.3	1574.0

Time of FT-SE 100 High 4.10 pm Low 1.22 pm

■ **FT-SE Actuaries 350 Industry baskets**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1295.3	1297.7	1297.4	1292.9	1292.1	1292.8	1292.9	1293.2	1293.2	1295.3	1297.4	-2.1
Pharmaceuticls	2626.0	2624.9	2625.1	2628.0	2626.9	2621.1	2631.8	2646.9	2665.9	2668.1	2642.6	+25.5
Water	1705.2	1704.1	1708.5	1714.0	1713.7	1709.7	1714.0	1715.3	1715.9	1717.8	1709.7	+8.1
Banks	2802.0	2816.6	2818.4	2805.5	2806.6	2792.5	2796.5	2792.5	2794.8	2793.7	2806.8	-13.1

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. The FT "500" has been renamed FT-SE-A Non-Financials Index. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

TRADING VOLUME

■ **Major Stocks Yesterday**

	Vol. 000s	Closing price	Day's change
ASDA Group†	7,500	55	+½
Abbey National†	11,000	446½	-17½
Albert Fisher	3,000	57	-6
Allied-Lyons†	1,600	585	+8
Anglian Water	280	485	+4
Argos	601	368	+3
Argyll Group†	3,900	229½	-4½
Arjo Wiggins†	3,400	301	+7
[illegible]	[illegible]	[illegible]	[illegible]

LIFFE EQUITY OPTIONS

Option		May	Aug	Nov	May	Aug	Nov
(*145)	160	5½	13	17	22½	27	32
Brit Aero	460	23	52	65	16½	37½	49
(*466)	500	7	33	48	42	59	72½
BAT Inds	420	24½	38½	50	5	15	23½
(*436)	460	6	19½	30½	26½	35½	46
BTR	360	32½	42½	48	2	8½	15
(*388)	390	10½	24	32	11	20½	28
Brit Telecom	360	25½	34½	40	1½	11	15½
(*382)	390	5½	16½	24	12½	27	31
Cadbury Sch	460	1	29	38	80	17	24½
(*486)	500	1	11½	20	120	42	47½
Eastern Elec	600	36½	51	62	4½	22½	33
(*629)	650	8	24½	37	27½	50½	60½
Guinness	460	16½	32½	45½	8	19½	31
(*485)	500	3½	15	27	37	44½	54½
GEC	300	18½	25	28	2½	12	15½
(*314)	330	2½	8	15	19	30	33

Option							
(*1128)	1150	25	80½	79½	50	85	96½
TSB	200	24	30	33½	3½	9½	12
(*217)	220	11	18	23	11½	19	22
Tomkins	240	14	21½	25	9	16½	18
(*244)	260	5½	12	16	22	29	31
Wellcome	500	82½	53	63	22	38	48
(*507)	550	12½	30½	42	53	66	74
Option		**Jul**	**Oct**	**Jan**	**Jul**	**Oct**	**Jan**
Glaxo	550	51	62½	70½	25	46	51
(*569)	600	27½	38	48½	53½	74	80
BSC 75p pts	700	69	90	109	36	56½	66
(*723)	750	46	68	85½	65½	82½	93½
Reuters	460	36	49	-	21½	27½	-
(*497)	500	29½	42½	51	27½	33½	37
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Rolls-Royce	180	18	25½	30	2½	8	12½
(*184)	200	5	14	18½	9½	17	23

* Underlying security price. Premiums shown are based on closing offer prices.
April 21 Total contracts: 51,865 Calls: 28,747 Puts: 23,238

FT GOLD MINES INDEX

	Apr 20	% chg on day	Apr 19	Apr 18	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1762.02	-1.8	1793.65	1795.99	1343.18	2.09	2367.40	1328.65
■ Regional Indices								
Africa (15)	2434.73	-4.6	2552.41	2384.43	1663.33	5.38	3440.80	1616.74
Australasia (8)	2415.00	-1.9	2462.84	2588.67	1399.16	1.53	3013.69	1399.16
North America (11)	1488.11	0.0	1488.46	1508.71	1238.32	0.64	2096.65	1234.38

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines Index: Apr 21: 194.3 ; day's change: -0.1 points; Year ago: 119.9 † Partial Latest prices were unavailable for this edition.

LONDON EQUITIES

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	30	35	9
Other Fixed Interest	6	2	7
Mineral Extraction	35	95	72
General Manufacturers	123	139	410
Consumer Goods	26	47	119
Services	93	107	317
Utilities	21	13	12
Financials	33	153	192
Investment Trusts	30	181	281
Others	41	63	34
Totals	436	835	1433

Data based on those companies listed on the London Share Service.
The Traditional Options table appears on the Currencies and Money page in todays edition.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	40.4	102	98	Abtrust High Inc	101		-	-	-	-
135	F.P.	40.6	142	134	Applied Distbn	134		WN3.8	2.4	3.4	15.6
100	F.P.	10.7	89	84	Baronsmead Inv	84	-1	-	-	-	-
-	F.P.	806.6	227	205	Capital Shop C'tre	224	+½	u6.5	0.7	3.6	53.9
-	F.P.	*9.12*	*287½*	*282½*	*Chester Water*	*282½*	*-2*	*†235.0*	*4.3*	*3.6*	*8.5*
-	F.P.	-	25	16	Coal Inv Wts	23	+3	-	-	-	-
-	F.P.	4.96	12	11	Dominion Energy	11		-	-	-	-
-	*F.P.*	*84.0*	*50*	*45*	*Edinburgh Incs*	*47*		-	-	-	-
-	F.P.	247.0	498	485	F & C Inc Grwth	494		-	-	-	-
78	F.P.	33.3	78	72	Fiscal Props	76		-	-	-	-
-	F.P.	52.0	104	100	Gartmore Brit Inc	104		-	-	-	-
-	F.P.	106.0	218	208	Do Units	212		-	-	-	-
110	F.P.	21.3	118	110	Groupe Chez Grd	114		b-	-	-	16.5
180	F.P.	415.6	189	178	House of Fraser	181		LN5.0	2.2	3.5	16.3
160	F.P.	173.1	203	178	Inspec	203	+1	-	-	-	-
110	F.P.	52.9	110	65	MAID	65	-6	-	-	-	-
100	F.P.	113.8	94	87	Morgan G Ltn Am	91	-1	-	-	-	-
100	F.P.	6.16	105	90	Newport	101		-	-	-	-
155	*F.P.*	*61.4*	*158*	*152*	*Nottingham*	*155*	*+1*	*u5.62*	*1.8*	*4.5*	*15.2*
200	F.P.	67.8	230	218	Panco	230	+2	L5.35	2.2	2.9	19.8
160	F.P.	21.4	177	160	Persona	177	+5	LN3.84	2.9	2.7	15.9
100	F.P.	9.56	95	91	Piper Euro	95		-	-	-	-
-	F.P.	0.68	35	33	Do. Warrants	34		-	-	-	-
100	F.P.	64.4	103	93	Robert Wiseman	101	+1	R2.5	2.6	3.1	15.2
115	F.P.	20.9	117	115	Rugby Ests.	116		K2.25	-	2.4	-
-	F.P.	22.7	98	97	Schroder UK Gwth	97	-3	-	-	-	-
-	*F.P.*	-	*38*	*37*	*Do Warrants*	*38*		-	-	-	-
120	F.P.	26.5	133	131	St James Bch Hot	131		RN3.8	1.7	3.6	16.2
130	F.P.	41.6	228	138	Trafficmaster	190		-	-	-	-
100	*F.P.*	*27.9*	146	100	Unipalm	138		b-	-	-	-
170	F.P.	99.0	170	154½	Wainhomes	169		R4.2	1.5	3.3	17.2
205	F.P.	52.0	220	203	Wellington	220		W5.17	2.0	2.9	21.3

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
£16	Nil	9/5	390pm	318pm	Brit Bio-Tech Uts	318pm	-20
116	Nil	-	3pm	3pm	CALA	3pm	
55	*Nil*	-	*10pm*	*6pm*	*Dale Electric*	*7pm*	*+2*
9	Nil	27/5	¾pm	¼pm	Era	¼pm	
25	Nil	-	10pm	9pm	Guinness Peat	9½pm	
180	Nil	26/5	27pm	19pm	Holliday Chem	27pm	+2
33	Nil	17/5	6pm	4pm	IAF	5pm	-1
105	Nil	27/5	42pm	18pm	LASMO	41pm	+4
58	Nil	24/5	6pm	4pm	McCarthy & Stone	5pm	
425	Nil	27/5	62pm	54pm	Misys	59½pm	+5½
100	Nil	-	8pm	4pm	Mowlem	5pm	+½
40	Nil	20/5	5pm	3pm	Olives Prop	3pm	
45	Nil	26/5	6¼pm	3pm	Shandwick	3½pm	
100	*Nil*	*31/5*	*17pm*	*13pm*	*Simon Eng*	*17pm*	*+1½*
29	Nil	26/5	4pm	2pm	Try Group	3pm	

FINANCIAL TIMES EQUITY INDICES

	Apr 21	Apr 20	Apr 19	Apr 18	Apr 15	Yr ago	*High	*Low
Ordinary Share	2470.7	2462.7	2464.2	2486.3	2507.1	2262.2	2713.6	2439.2
Ord. div. yield	4.04	4.05	4.02	4.00	3.70	4.07	4.05	3.43
Earn. yld. % full	5.50	5.51	5.47	5.47	5.23	5.14	5.61	3.92
P/E ratio net	19.51	19.46	19.60	19.62	20.67	20.23	33.43	19.46
P/E ratio nil	20.42	20.37	20.52	20.50	21.53	18.89	30.80	20.37

*For 1994. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share Index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2458.2	2462.1	2464.0	2460.7	2465.1	2465.2	2469.0	2470.0	2469.0	2472.9	2457.3

	Apr 21	Apr 20	Apr 19	Apr 18	Apr 15	Yr ago
SEAQ bargains	28,169	25,787	26,328	30,586	26,569	29,406
Equity turnover (£m)†	-	1744.3	1453.8	1382.9	1319.9	1620.7
Equity bargains†	-	32,125	29,915	33,356	29,828	35,628
Shares traded (m)†	-	*597.9*	*623.7*	*593.7*	*563.3*	*628.6*

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or −	1994 High	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22	−⅞	£25⅝	£22	6,134	5.1	ϕ
ANZ A$		220¾	−¾	278¾	220½	2,992	4.0	18.0
Abbey National		446½xd	−17½	[illegible]	444	[illegible]	3.9	15.0
Allied Irish I£		249xd	−2	314	241	1,894	5.1	9.6
Anglo Irish I£		55	—	†78	55	180.3	7.8	10.0
Asahi Y		713	−16¾	789¾	628	16,646	0.7	–
Banco Bil Viz Pta		£15½	+⅛	£19⅞	£14⅝	3,472	5.3	6.8
Banco Sant Pta		£31⅝	—	£34¾	£28⅜	3,613	4.3	12.1
Bk Ireland I£		280	−2	†318	248	1,225	4.8	19.2
Bank Scotland		184	+½	247	183	2,143	3.2	25.0
9¼pc Pf		125¾	+¼	141½	125¾	125.8	9.2	–
9¼pc Pf		132¾	+¾	146½	131½	132.8	8.2	–
Barclays		509xd	−7	640	487	[illegible]	3.7	21.1
Dai Ichi Kan Y		£22⅛	[illegible]	£23¾	£10⅝	[illegible]	0.4	67.4
Deutsche DM		£302[illegible]	[illegible]	£344¾	£287¾	14,389	2.0	–
Espirito Santo		£18⅞	[illegible]	£26⅝	£18⅞	201.8	4.2	4.5
First Nat Fin		71	—	†80	60	117.6	2.8	–
6.3pc Cv Pf		83	—	†90	77	5.38	9.5	–
7pc Cv Pf		149	—	171	123	70.7	5.8	–
Fuji Bank Y		1449¾	−24	1649¼	1152½	41,808	0.4	–
HSBC HK		749xd	−17	1133	740	12,994	4.0	ϕ
HSBC (75p Shs)		723xd	−22	1113	720	6,116	4.1	ϕ
Lloyds		585xd	+46	690	532	7,546	4.7	12.3
Mitsubishi Y		£17⅞	[illegible]	£18⅜	£15⅝	50,537	0.3	–
Mits Tst & Bk Y		980¼	−6½	1094¾	667½	12,771	0.6	16.7
Mitsui Tst & Bk Y		729	−7¼	811¼	514	6,735	0.7	24.8
Nat Aust A$		565	−5½	620¼	537¾	7,286	4.3	18.5
NatWest		445½xd	−4½	622	444	7,409	5.2	10.2
Ottomans Ffr		£29	—	£33	£27¾	145.0	6.0	7.0
Ryl Bk Scotland		386	−5	608	384	3,168	3.8	17.9

CHEMICALS

DISTRIBUTORS

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 high	1994 low	Yld Gr's	NAV	Dis or Pm(-)
Perpetual Japan	□	118	-1	119½	89	-	108.7	-8.3
Warrants	□	78	-1	88	47	-	-	-
Personal Assets	†	290xd	—	294	£86¾	2.0	8500.4	-5.6
Pilot Inv	Z□	145	—	153	125½	0.4	134.3	-7.4
Warrants	□	57	+2	69	44	-	-	-
C	□	109	—	117	102	-	108.2	-6
Primadona		274	-1	283	257	2.1	318.9	14.1
Ptarmigan Int	‡□	235	-1	*276	232	0.4	254.0	7.5
Warrants		85	—	140	85	-	-	-
RIT Capital	□	172½	—	189	170	0.8	216.1	20.2
2½pc Cv Ln 2000		£172	-1	£188½	£170½	1.5	-	-
Radiotrust	□	85	—	88	70	-	69.3	-18.5
Rights & Iss Inc		195	—	164	153	7.0	-	-
Cap		465	—	535	440	2.2	523.0	11.1
Riv & Merc Am Inc		112xd	—	121	111	8.7	-	-
Cap	□	34	—	38	31½	-	44.0	22.7
Warrants		14	—	17	13	-	-	-
Riv & Mer Ext	N□	133	—	147	129	7.4	121.2	-8.9
Warrants		35	-1	48	29	-	-	-
Zero Div Pf		113	+½	118½	112½	-	-	-
Riv & Mer Geared		101	+1	116	93	8.3	-	-
Prfd Cap 1999		26½	—	35	26½	-	37.1	28.6
Riv & Merc Smllr	N□	145	-1	170	142	3.4	146.8	1.2
Warrants		53	—	77	47	-	-	-
Riv & Merc Tst Inc	N□	119	—	127	114	9.7	-	-
Cap	□	129	—	158	122	-	209.6	38.5
Warrants		34	—	40	32	-	-	-

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap £m	Yld Gr's	P/E
Tiger Oats		650	—	830	538	676.4	2.5	13.7
Tongaat-Hulett	†	535	-4	580	434	409.4	2.8	14.9

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ф Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: *Also called issue price.* The price at which units are bought by investors.

BID PRICE: *Also called redemption price.* The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, *most unit trust managers quote a much narrower spread.* As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♦) - 1701 to midnight. *Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.*

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward *price on request, and may move to forward pricing at any time.*

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the *newspaper are the most recent provided by the managers.*

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Thornton Unit Managers Ltd - Contd.

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mngmt Ltd (0830)F

OTHER UK UNIT TRUSTS

INSURANCES

Abbey National Life Plc

Acuma Life Assurance Ltd

Century Life Plc

City Of Edinburgh Life Assurance

Equitable Life Assurance Society

Hill Samuel Life Assur. Ltd - Contd.

London Life - Contd.

London & Manchester Assurance

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Scottish Amicable - Contd.

Scottish Equitable plc

Sun Alliance Group - Contd.

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Lombard Odier - Contd.

Management International (Jersey) Ltd

Minerals, Oils Res. Shrs. Fd. Inc.

Northgate Unit Tst. Mngr. (Jersey) Ltd

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited

Royal Bank of Canada Intl Fd Mgt Ltd

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

For Royal Trust see Royal Bank of Canada

Schroder Mngt Services (Jersey) Ltd

LUXEMBOURG (SIB RECOGNISED)

Eigistan Global SICAV (u)

13 Rue Goethe, L-1637, Luxembourg 010 352 404461

EquiFund-Wright National Eqty Fd (u) (x)

Fidelity Funds (u)

Kansallis Hse, Place de L'Etoile, L-1021 Lux BP 2174

UK-0732 777377 Lux-010 352 251351230

Prices as at April 20

Fleming Group (u)

Sun Life Global Management Ltd (u)

Templeton Global Strategic SICAV (u)

Thornton Investment Management Ltd

S.G. Warburg

LUXEMBOURG (REGULATED)(**)

Fidelity Investment (CI) Ltd

Templeton Worldwide Investments

Daiwa Intl Capital Management (H.K.) Ltd

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OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

MARKETS REPORT

Franc firm after rate cut

The French franc finished the day firmer yesterday as the market gave an approving nod to a 10 basis point cut in a key short term interest rate, *writes Philip Gawith.*

The Bank of France cut the intervention rate to 5.80 per cent and the 5-10 day rate by 25 basis points to 6.75 per cent. The franc was trading at FFr3.4310 against the D-Mark before the cut - below its old ERM floor of FFr3.4305 - but then firmed to close in London at FFr3.427.

In a day characterised by fairly low volumes and narrow trading ranges, the dollar was stable after weakening overnight. The US currency closed in London at DM1.6882 against *the dollar from DM1.694 on* Thursday.

The D-Mark fell back slightly in Europe after its recent strength. It closed at Pta81.44 from Pta81.88 against the Spanish peseta and weakened slightly against the Italian lira, finishing at L958.4 from L958.7.

In the UK, sterling had a better day with the Bank of England's sterling index closing at 80.5 from 80.1 on Wednesday. The pound was helped by stronger than expected retail sales figures.

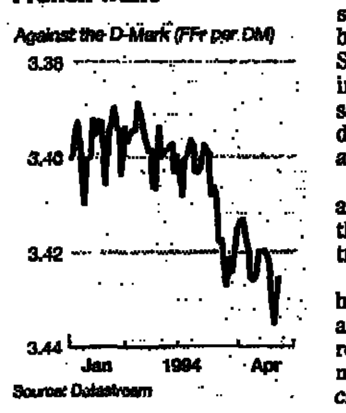
■ Mr Nick Parsons, treasury economist at CIBC, said the French cut was braver than some people had expected, given the weak exchange rate. He said the move was "welcome given that exchange rate grounds were not put above the needs of the real economy." Economic growth *remains sluggish,* while unemployment is 12.1 per cent and rising.

Mr Parsons said the cut was "confirmation that the BOF may be independent of French politicians, but it is not independent of the Bundesbank. French interest rates are still set in Frankfurt."

Mr Jean-Claude Trichet, *Bank of France governor, told* a news conference that the monetary policy council had based its decision on "clear signs of non-inflationary growth". *He said the council* would resist calls for lower short term rates as these would increase France's medium and long-term rates.

French franc

Against the D-Mark (FFr per DM)



Source: Datastream

■ **Pound in New York**

Apr 21	—Latest—	– Prev. close –
£ spot	1.4900	1.4873
1 mth	1.4884	1.4857
3 mth	1.4862	1.4836
1 yr	1.4822	1.4804

"A sudden and compelled cut in short term rates would have a negative impact on expectations as to the internal and external stability of the franc and thus do untold harm to the economy," said Mr Trichet.

Mr Lee Ferridge, treasury economist at Natwest Markets, said the market had been reassured that the French were not going to try and cut rates below German rates. The Bank of France's intervention rate is 22 basis points above its German equivalent, the repo rate, which is at 5.58 per cent.

The rate cut had little impact on sentiment in the futures market. On the Matif, the June three month PIBOR future closed one basis point lower at 94.22. The December future fell by one basis point to 94.39.

■ After looking at one stage as if it might test the key support level of DM1.6830, the dollar recovered to finish higher.

The US currency did not get any support from the release of the business outlook survey conducted by the Philadelphia Federal Reserve. The market ignored the prices component of the survey, which rose to 33.1 from 16 in March.

Against the yen, the dollar fell to a low of Y102.50, before recovering to close at Y103.545. The *turnaround* was *based* upon unconfirmed rumours of the Fed and the Bank of England intervening in the market to support the dollar.

The US currency also gained support from comments made *by Mr Lloyd Bentsen before* Sunday's group of seven meeting. The treasury secretary said the US was not trying to devalue the dollar to increase *access to Japanese markets.*

The market fears that the US administration might resort to this strategy to curb its large trade deficit with Japan.

Trading in dollar/yen should have greater direction today after Japan's ruling coalition reached agreement on a common policy platform. This *clears the way for the election* of a new prime minister.

Greater political certainty should help the dollar as it improves the prospects for pas*sage of a stimulatory fiscal* package, and enhances the chance of trade reform.

■ Strong UK March retail sales figures dampened hopes of a near term rate cut and lent support to sterling. The UK currency finished a pfennig up at DM2.527 from DM2.517. It was a cent stronger against the dollar, closing at $1.4969 from $1.4858.

Retail sales volumes grew, year on year, by 3.8 per cent against a median market expectation of 2.7 per cent. This merely compounded already depressed sentiment about the outlook for easier monetary policy.

The June short sterling contract closed four basis points lower at 94.59 after touching an intra-day low of 94.55. The December contract was also four points down, at 93.85.

Mr Parsons of CIBC said the fact that there was once again a positive yield curve for sterling did not mean that short rates would rise.

In the money market, overnight rates rose as high as 10 per cent – nearly twice the base rate of 5.25 per cent – as the Bank of England sought to clear a large £2.3bn shortage. Recently, most *daily shortages* have been below £1bn.

■ **OTHER CURRENCIES**

Apr 21	£	$
Hungary	153.408 - 153.553	102.510 - 102.560
Iran	2590.00 - 2598.00	1748.00 - 1750.00
Kuwait	0.4445 - 0.4454	0.2970 - 0.2975
Poland	33416.8 - 33492.4	22330.0 - 22370.00
Russia	2701.90 - 2710.90	1805.00 - 1811.00
U.A.E.	5.4959 - 5.4989	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Apr 21		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.7699	+0.0257	620 - 778	17.8264	17.7221	17.7681	0.3	17.7605	0.2	-	-	113.5
Belgium	(BFr)	52.0036	+0.1618	779 - 292	52.0908	51.8545	52.0286	-0.6	52.0786	-0.6	52.1536	-0.3	114.7
Denmark	(DKr)	9.9115	+0.0383	065 - 164	9.9165	9.8834	9.9217	-1.2	9.935	-0.9	9.9447	-0.3	114.3
Finland	(FM)	8.1924	+0.0335	830 - 018	8.2240	8.1690	-	-	-	-	-	-	81.8
France	(FFr)	8.6590	+0.0132	558 - 621	8.6722	8.6419	8.6649	-0.8	8.6748	-0.7	8.6615	-0.3	107.2
Germany	(DM)	2.5270	+0.01	259 - 280	2.5316	2.5184	2.5277	-0.3	2.5284	-0.2	2.5149	0.5	122.8
Greece	(Dr)	369.797	+1.095	336 - 258	370.361	367.155	-	-	-	-	-	-	-
Ireland	(I£)	1.0314	+0.0014	301 - 327	1.0351	1.0301	1.0322	-1.0	1.034	-1.0	1.0393	-0.8	103.6
Italy	(L)	2422.13	+8.44	044 - 382	2423.82	2412.63	2427.48	-2.7	2438.33	-2.7	2473.23	-2.1	78.0
Luxembourg	(LFr)	52.0036	+0.1618	779 - 292	52.0908	51.8545	52.0286	-0.6	52.0786	-0.6	52.1536	-0.3	114.7
Netherlands	(Fl)	2.8403	+0.0136	389 - 417	2.8417	2.8305	2.8409	-0.3	2.8419	-0.2	2.832	0.3	118.0
Norway	(NKr)	10.9652	+0.0321	607 - 697	10.9759	10.9289	10.9596	0.6	10.9721	-0.3	10.9633	0.0	84.7
Portugal	(Es)	258.207	+0.495	997 - 417	258.417	256.892	259.182	-4.5	261.127	-4.5	-	-	-
Spain	(Pta)	205.772	-0.346	649 - 895	206.377	205.533	206.262	-2.9	207.237	-2.8	210.012	-2.1	85.3
Sweden	(SKr)	11.8011	+0.0375	927 - 095	11.8617	11.7640	11.8221	-2.1	11.8581	-1.9	11.9771	-1.5	76.2
Switzerland	(SFr)	2.1443	+0.0042	430 - 455	2.1464	2.1356	2.1424	1.0	2.1386	1.1	2.1123	1.5	117.3
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.5
Ecu	-	1.3065	+0.0028	056 - 074	1.3077	1.3038	1.3075	-0.9	1.3091	-0.8	1.3086	-0.2	-
SDR†	-	0.947086	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4968	+0.011	964 - 972	1.4981	1.4908	-	-	-	-	-	-	-
Brazil	(Cr)	1750.86	+12.92	044 - 128	1752.00	1743.00	-	-	-	-	-	-	-
Canada	(C$)	2.0703	+0.013	694 - 711	2.0718	2.0579	2.0713	-0.6	2.0746	-0.8	2.0939	-1.1	87.0
Mexico	(New Peso)	5.0398	+0.0378	348 - 447	5.0393	5.0215	-	-	-	-	-	-	-
USA	($)	1.4969	+0.0111	965 - 972	1.4980	1.4905	1.4952	1.4	1.493	1.0	1.4889	0.5	65.9
Pacific/Middle East/Africa													
Australia	(A$)	2.1007	+0.0277	995 - 019	2.1019	2.0898	2.0992	0.9	2.0969	0.7	2.0949	0.3	-
Hong Kong	(HK$)	11.5659	+0.0846	624 - 693	11.5743	11.5171	11.5529	1.3	11.5474	0.6	11.4984	0.6	-
India	(Rs)	46.9543	+0.3447	377 - 709	46.9890	46.7610	-	-	-	-	-	-	-
Japan	(Y)	154.992	+1.508	918 - 065	155.066	153.110	154.612	2.9	153.857	2.9	150.417	3.0	187.8
Malaysia	(M$)	4.0260	+0.0307	233 - 287	4.0267	4.0050	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6393	+0.0208	370 - 415	2.6415	2.6283	2.6422	-1.3	2.6465	-1.1	2.6561	-0.6	-
Philippines	(Peso)	41.2159	+0.3043	817 - 500	41.4500	40.9817	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6137	+0.0418	120 - 154	5.6175	5.5896	-	-	-	-	-	-	-
Singapore	(S$)	2.3343	+0.0179	330 - 356	2.3356	2.3223	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.3631	+0.0264	799 - 862	5.3965	5.3613	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.3645	-0.0571	553 - 737	7.5117	7.3139	-	-	-	-	-	-	-
South Korea	(Won)	1208.33	+13.21	797 - 869	1209.19	1203.28	-	-	-	-	-	-	-
Taiwan	(T$)	39.4944	+0.2915	777 - 111	39.5200	39.3200	-	-	-	-	-	-	-
Thailand	(Bt)	37.7655	+0.249	417 - 893	37.7800	37.6200	-	-	-	-	-	-	-

†SDR rate for Apr 20. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 21		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	11.8715	-0.071	690 - 740	11.9050	11.8645	11.892	-2.1	11.919	-1.6	11.9302	-0.5	102.7
Belgium	(BFr)	34.7420	-0.1495	330 - 510	34.8900	34.7150	34.797	-1.9	34.882	-1.6	34.947	-0.6	104.1
Denmark	(DKr)	6.6216	-0.0234	196 - 233	6.6387	6.6160	6.6374	-2.9	6.6619	-2.4	6.7046	-1.3	103.2
Finland	(FM)	5.4731	-0.0182	681 - 781	5.4990	5.4680	5.4798	-1.5	5.4876	-1.1	5.4993	-0.5	76.4
France	(FFr)	5.7848	-0.0341	840 - 855	5.8075	5.7790	5.7965	-2.4	5.8138	-2.0	5.8293	-0.8	103.5
Germany	(D)	1.6882	-0.0058	879 - 885	1.6925	1.6860	1.6905	-1.7	1.6935	-1.3	1.6892	-0.1	104.3
Greece	(Dr)	247.050	-1.1	800 - 300	247.800	246.000	250.35	-16.0	257.8	-17.4	285.3	-15.5	70.2
Ireland	(I£)	1.4513	+0.0087	498 - 528	1.4530	1.4425	1.4485	2.4	1.4433	2.2	1.4313	1.4	-
Italy	(L)	1618.15	-6.35	740 - 890	1621.25	1616.50	1623.6	-4.0	1633.15	-3.7	1661.15	-2.7	78.6
Luxembourg	(LFr)	34.7420	-0.1495	330 - 510	34.8900	34.7150	34.797	-1.9	34.882	-1.6	34.947	-0.6	104.1
Netherlands	(Fl)	1.8975	-0.005	970 - 980	1.9023	1.8955	1.9002	-1.7	1.9037	-1.3	1.9018	-0.2	103.5
Norway	(NKr)	7.3255	-0.0329	242 - 268	7.3575	7.3200	7.3382	-2.1	7.3615	-2.0	7.4005	-1.0	94.6
Portugal	(Es)	172.500	-0.95	400 - 600	172.900	172.200	174.05	-10.8	175.9	-7.9	181.25	-5.1	93.2
Spain	(Pta)	137.4700	-1.255	420 - 520	138.230	137.400	137.985	-4.5	138.82	-3.9	141.285	-2.8	80.2
Sweden	(SKr)	7.8840	-0.0334	802 - 877	7.9205	7.8751	7.909	-3.8	7.9518	-3.4	8.075	-2.4	81.5
Switzerland	(SFr)	1.4325	-0.0079	320 - 330	1.4370	1.4275	1.4329	-0.3	1.4325	0.0	1.4178	1.0	103.7
UK	(£)	1.4969	+0.0111	965 - 972	1.4980	1.4905	1.4952	1.4	1.493	1.0	1.4889	0.5	88.8
Ecu	-	1.1457	+0.0059	452 - 462	1.1463	1.1425	1.1434	2.5	1.1399	2.0	1.1359	0.9	-
SDR†	-	1.40396	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0000	-	999 - 000	1.0002	0.9999	-	-	-	-	-	-	-
Brazil	(Cr)	1169.70	-	969 - 970	1169.75	1169.68	-	-	-	-	-	-	-
Canada	(C$)	1.3831	-0.0015	828 - 833	1.3838	1.3790	1.3853	-1.9	1.3895	-1.9	1.4064	-1.7	83.2
Mexico	(New Peso)	3.3669	+0.0004	644 - 694	3.3700	3.3640	3.3679	-0.4	3.3697	-0.3	3.3771	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	100.9
Pacific/Middle East/Africa													
Australia	(A$)	1.4034	+0.0082	029 - 039	1.4075	1.4006	1.4046	-1.1	1.4093	-1.7	1.4199	-1.2	87.6
Hong Kong	(HK$)	7.7268	-0.0005	263 - 273	7.7275	7.7260	7.7298	-0.5	7.7358	-0.5	7.7605	-0.4	-
India	(Rs)	31.3688	-0.0012	650 - 725	31.3725	31.3650	31.4338	-2.5	31.5688	-2.6	-	-	-
Japan	(Y)	103.545	+0.245	520 - 570	103.750	102.550	103.41	1.6	103.05	1.9	100.99	2.5	148.9
Malaysia	(M$)	2.6890	+0.0007	885 - 895	2.6900	2.6852	2.682	3.1	2.6665	3.3	2.729	-1.5	-
New Zealand	(NZ$)	1.7632	+0.0009	621 - 643	1.7668	1.7621	1.7644	-0.9	1.7689	-1.3	1.7908	-1.6	-
Philippines	(Peso)	27.5350	-	850 - 850	27.6850	27.3800	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	+0.0003	501 - 506	3.7510	3.7500	3.7511	-0.2	3.7534	-0.3	3.7649	-0.4	-
Singapore	(S$)	1.5595	+0.0005	590 - 600	1.5605	1.5570	1.5589	0.5	1.5584	0.3	1.557	0.2	-
S Africa (Com.)	(R)	3.5963	-0.009	950 - 975	3.6155	3.5900	3.6128	-5.5	3.6386	-4.7	3.7316	-3.8	-
S Africa (Fin.)	(R)	4.9200	-0.075	150 - 250	5.0350	4.8890	4.954	-8.3	5.014	-7.6	-	-	-
South Korea	(Won)	807.250	+0.2	200 - 300	807.700	807.000	810.25	-4.5	813.75	-3.2	832.25	-3.1	-
Taiwan	(T$)	26.3850	-	800 - 900	26.4000	26.3800	26.4505	-3.0	26.551	-2.5	-	-	-
Thailand	(Bt)	25.2300	-0.02	200 - 400	25.2500	25.2100	25.31	-3.8	25.435	-3.3	25.965	-2.9	-

†SDR rate for Apr 20. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Apr 20. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 21		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.06	16.65	4.860	1.983	4658	5.462	21.10	496.5	395.8	22.69	4.123	1.923	3.981	2.879	298.1	2.513
Denmark	(DKr)	52.46	10	8.736	2.549	1.040	2444	2.865	11.07	260.5	207.6	11.90	2.163	1.009	2.088	1.510	156.4	1.319
France	(FFr)	60.05	11.45	10	2.918	1.191	2797	3.280	12.67	298.2	237.7	13.63	2.476	1.155	2.391	1.729	179.0	1.509
Germany	(DM)	20.58	3.922	3.427	1	0.408	958.4	1.124	4.341	102.2	81.44	4.670	0.848	0.396	0.819	0.592	61.34	0.517
Ireland	(I£)	50.44	9.614	8.399	2.451	1	2349	2.755	10.64	250.4	199.6	11.45	2.080	0.970	2.008	1.452	150.3	1.268
Italy	(L)	2.147	0.409	0.358	0.104	0.043	100.	0.117	0.453	10.66	8.497	0.487	0.089	0.041	0.085	0.062	6.400	0.054
Netherlands	(Fl)	18.31	3.490	3.049	0.890	0.363	852.8	1	3.863	90.92	72.46	4.155	0.755	0.352	0.729	0.527	54.58	0.460
Norway	(NKr)	47.40	9.036	7.893	2.304	0.940	2208	2.589	10	235.4	187.6	10.76	1.954	0.912	1.887	1.365	141.3	1.191
Portugal	(Es)	20.14	3.839	3.354	0.979	0.399	938.0	1.100	4.249	100.	79.71	4.570	0.830	0.387	0.802	0.580	60.03	0.506
Spain	(Pta)	25.27	4.816	4.207	1.228	0.501	1177	1.380	5.330	125.5	100.	5.734	1.042	0.486	1.006	0.727	75.32	0.635
Sweden	(SKr)	44.07	8.400	7.338	2.142	0.874	2053	2.407	9.297	218.8	174.4	10	1.817	0.847	1.754	1.269	131.4	1.108
Switzerland	(SFr)	24.25	4.623	4.039	1.179	0.481	1130	1.325	5.117	120.4	95.99	5.504	1	0.466	0.965	0.698	72.29	0.610
UK	(£)	52.00	9.912	8.659	2.527	1.031	2422	2.840	10.97	258.2	205.8	11.80	2.144	1	2.070	1.497	155.0	1.307
Canada	(C$)	25.12	4.788	4.183	1.221	0.498	1170	1.372	5.300	124.7	99.42	5.700	1.036	0.483	1	0.723	74.88	0.631
US	($)	34.74	6.621	5.784	1.688	0.689	1618	1.897	7.328	172.5	137.5	7.882	1.432	0.668	1.383	1	103.5	0.873
Japan	(Y)	335.5	63.95	55.86	16.30	6.652	15626	18.32	70.77	1666	1328	76.13	13.83	6.452	13.35	9.658	1000.	8.432
Ecu		39.79	7.584	6.625	1.933	0.789	1853	2.173	8.393	197.6	157.5	9.028	1.640	0.765	1.584	1.145	118.6	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5908	0.5901	+0.0003	0.5917	0.5897	58,950	94,862
Sep	0.5898	0.5892	+0.0079	0.5898	0.5890	109	3,170
Dec	-	0.5890	-	-	-	6	136

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9722	0.9665	-0.0056	0.9770	0.9665	12,322	53,047
Sep	0.9819	0.9738	-0.0041	0.9819	0.9738	121	2,578
Dec	0.9812	0.9812	-0.0031	0.9812	0.9812	1	666

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6975	0.6964	-0.0006	0.6995	0.6957	20,901	38,738
Sep	0.7005	0.6975	-0.0015	0.7005	0.6970	43	369
Dec	-	0.7012	-	-	-	7	337

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.4898	1.4906	+0.0004	1.4960	1.4880	22,676	42,049
Sep	1.4880	1.4890	+0.0022	1.4910	1.4880	194	891
Dec	-	1.4870	-	1.4890	-	3	34

EMS EUROPEAN CURRENCY UNIT RATES

Apr 21	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.791691	+0.001042	-2.09	4.70	14
Netherlands	2.19672	2.17424	+0.00455	-1.02	3.57	-
Belgium	40.2123	39.8122	+0.0155	-0.99	3.54	7
Germany	1.94964	1.93421	+0.00205	-0.79	3.33	-
France	6.53883	6.63369	-0.00515	1.45	1.04	-12
Denmark	7.43679	7.58740	+0.00401	2.03	0.47	-14
Spain	154.250	157.714	-0.584	2.25	0.26	-16
Portugal	192.854	197.693	-	2.51	0.00	-17
NON ERM MEMBERS						
Greece	264.513	283.308	+0.363	7.10	-4.29	-
Italy	1793.19	1853.09	+0.15	3.34	-0.80	-
UK	0.786749	0.766008	-0.002092	-2.64	5.28	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS May	CALLS Jun	CALLS Jul	PUTS May	PUTS Jun	PUTS Jul
1.400	9.14	9.04	8.94	-	-	0.20
1.425	6.70	6.73	6.81	-	0.13	0.50
1.450	4.27	4.57	4.87	0.02	0.45	1.08
1.475	2.16	2.75	3.24	0.35	1.12	1.87
1.500	0.70	1.47	2.04	1.39	2.27	3.05
1.525	0.12	0.67	1.18	3.25	3.91	4.67

Previous day's vol., Calls 59,279 Puts 65,823 . Prev. day's open int., Calls 487,404 Puts 422,962

WORLD INTEREST RATES

MONEY RATES

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.70	94.72	+0.03	94.73	94.70	31618	200661
Sep	94.89	94.88	-	94.91	94.87	29167	160386
Dec	94.87	94.82	-0.04	94.89	94.81	41013	189005
Mar	94.86	94.81	-0.03	94.88	94.78	34502	195450

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.12	92.16	+0.06	92.18	92.05	4756	50355
Sep	92.21	92.26	+0.02	92.24	92.05	3991	25818
Dec	92.06	92.06	-0.02	92.10	91.88	5991	17534
Mar	91.98	91.90	-0.04	91.98	91.71	1750	8910

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.10	96.08	-0.01	96.10	96.04	3306	26204
Sep	96.08	96.05	-0.01	96.07	95.96	1723	9667
Dec	95.83	95.91	-0.01	95.93	95.86	316	4564
Mar	95.70	95.70	-	95.73	95.70	106	736

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.13	94.14	+0.02	94.14	94.12	709	11826
Sep	94.23	94.27	+0.01	94.28	94.24	478	12149
Dec	94.22	94.20	-0.01	94.24	94.18	201	6044
Mar	94.14	94.08	-0.05	94.14	94.08	130	2482

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.33	95.36	+0.02	95.36	95.33	69,9912	446,660
Sep	94.89	94.71	+0.02	94.72	94.88	107,794	392,445
Dec	94.12	94.17	+0.05	94.17	94.12	98,3338	325,212

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.81	95.81	-0.02	95.82	95.80	2,260	32,183
Sep	95.22	95.25	+0.02	95.26	95.22	691	10,958
Dec	-	94.80	-	94.80	-	383	4,851

All Open interest figs. are for previous day

UK INTEREST RATES

LONDON MONEY RATES

Apr 21	Over-night	7 days notice	One month
Interbank Sterling	9 - 5	[illegible]	[illegible]

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9450	0.18	0.20	0.14	0.05	0.34	0.75
9475	0.06	0.10	0.08	0.18	0.49	0.94
9500	0.02	0.05	0.04	0.39	0.69	1.15

Est. vol. total, Calls 9320 Puts 9756. Previous day's open int., Calls 167264 Puts 158631

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	6
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25	● Members of British Merchant Banking & Securities Houses Association	
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25	* In administration	
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

LONDON TRADITIONAL OPTIONS. April 21

Calls: Alliance Res, Aminex, Caldwell, Carerdale, Com-Tek, CRP, Govett, Jhnsn Fry, MAID, Mid-States, Marine&Merc, Minmet, NSM, Ovoca, Ransomes Pf, Ricardo, Ryl Bk Scot, Sertf, Warburg, Utd Energy. Puts: Aminex, Caldwell, Carerdale, Govett, Minmet, Marine&Merc, NSM, Ricardo, Sertf. Puts & Calls: HSBC, Tullow Oil.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

هكذا من الأصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 21 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Apr 21 / Frs.)

[illegible]

DENMARK (Apr 21 / Kr)

[illegible]

FINLAND (Apr 21 / Mks)

[illegible]

FRANCE (Apr 21 / Frs.)

[illegible]

GERMANY (Apr 21 / Dm.)

[illegible]

ITALY (Apr 21 / Lire)

[illegible]

NETHERLANDS (Apr 21 / Fls.)

[illegible]

NORWAY (Apr 21 / Kroner)

[illegible]

SPAIN (Apr 21 / Pts.)

[illegible]

SWEDEN (Apr 21 / Kronor)

[illegible]

SWITZERLAND (Apr 21 / Frs.)

[illegible]

PACIFIC

JAPAN (Apr 21 / Yen)

[illegible]

AUSTRALIA (Apr 21 / Aust$)

[illegible]

HONG KONG (Apr 21 / H.K.$)

[illegible]

MALAYSIA (Apr 21 / MYR)

[illegible]

SINGAPORE (Apr 21 / S$)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Apr 21 / Can $) 4 pm close

[illegible]

MONTREAL (Apr 21 / Can $) 4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Apr 21 / Rand)

[illegible]

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, April 21, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	6.0m	342	-7	Brother Inds	2.7m	627	+21
JAL	3.2m	709	-4	Hitachi	2.5m	955	-5
Sakai Ovex	2.8m	704	+14	NEC Corp	2.3m	1,130	
Fujitsu Ltd	2.8m	1,020	+10	Tokai Carbon	2.3m	485	+10
Kawasaki Steel	2.7m	362	-4	Kobe Steel	2.1m	286	-2

INDICES

[illegible]

Taiwan Weighted Pr.(30/6/66)**	5741.47	5892.32	5875.75	6464.52	8/1	5194.63	19/3
Thailand Bangkok SET (30/4/75)	1280.06	1282.38	1274.02	1753.73	4/1	1196.59	4/4
Turkey Istanbul Cmp.(Jan 1986)	19426.3	20640.4	21282.4	28863.89	13/1	12980.76	24/3
WORLD MS Capital Int (1/1/70)$	604.0*	603.7	607.4	641.08	1/2	591.60	4/4
CROSS-BORDER Eurotrack 100(26/10/90)	1436.73	1444.73	1448.50	1540.19	31/1	1383.80	2/3
Euro Top-100 (26/6/90)	1239.60	1240.72	1247.07	1311.01	2/2	1202.49	2/3
JCapeDgps (31/12/88)	(u)	312.18	313.36	385.19	5/1	298.28	21/3
Barings Emerg.(7/1/92)	141.85	144.77	147.27	182.72	14/2	141.85	21/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett.Price	Change	High	Low	Est. vol.	Open Int.
Apr	2110.0	2101.0	-1.0	2117.0	2085.0	30,067	22,578
May	2104.5	2098.5	-1.0	2114.0	2085.5	3,342	7,726
Jun	2087.0	2081.0	-1.0	2096.0	2069.0	1,151	25,010

Open interest figures for previous day.

[illegible] of all indices are 100 except Australia All Ordinary and [illegible] Euro Top-100, IBEX Overall; Toronto Comp./Metals & [illegible] NYSE All Common – 50 and Standard and Poor's – 10. [illegible] Apr 21 - 2194.41 +0.82

US INDICES

[illegible]

DJ Ind. Day's high 3662.88 (3670.39) Low 3546.85 (3587.18†) (Theoretical♣)
Day's high 3645.11 (3641.83) Low 3570.45 (3589.24) (Actual♣)

Standard and Poors							
Composite ‡	441.96	442.54	442.46	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	510.05	512.27	512.89	559.59 (2/2)	510.05 (20/4)	559.59 (2/2/94)	3.62 (21/6/32)
Financial	43.73	44.05	43.90	46.58 (31/1)	41.39 (4/4)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	244.66	245.37	245.70	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	427.80	431.10	434.00	487.89 (2/2)	427.80 (20/4)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	705.51	712.85	720.45	803.93 (18/3)	705.51 (20/4)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Apr 15	Apr 8	Mar 31	Year ago
Dow Jones Ind. Div. Yield	2.77	2.78	2.81	2.85
	Apr 20	Apr 13	Apr 6	Year ago
S & P Ind. Div. yield	2.55	2.51	2.48	2.57
S & P Ind. P/E ratio	23.24	23.67	23.87	29.48

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Jun	442.70	444.20	+1.50	444.50	442.70	88,185	190,747
Sep	446.40	446.30	+1.70	448.50	446.30	654	8,321
Dec	449.00	449.00	+1.60	449.10	449.00	65	5,447

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Chrysler	7,385,400	46	-2¾
Telefonos	6,932,500	51	-2⅝
Motorola	5,474,800	43	-⅜
Gen Motors	4,686,100	54⅝	-¼
Merck	4,205,000	29¾	+1
Ford Motor	4,201,100	54½	-2¾
Wal-Mart	3,951,200	24	–
Time Warner	3,766,100	35½	-1⅛
RJR Nabisco	3,263,800	6¼	+⅛
Philip Morris	3,255,500	52¾	+⅞

■ TRADING ACTIVITY

● Volume (million)

	Apr 20	Apr 19	Apr 18
New York SE	362.300	323.262	271.451
Amex	15.683	17.286	13.933
NASDAQ	335.340	328.193	246.576
NYSE			
Issues Traded	2,790	2,795	2,792
Rises	812	746	629
Falls	1,415	1,477	1,650
Unchanged	563	572	513
New Highs	5	10	13
New Lows	179	231	184

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close April 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng Prev. Close
[illegible]										

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

Continued on next page

4 pm close April 21

NYSE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
Continued from previous page										
18½	13⅝	StorkG	0.36	2.5	8	716	14½	14	14½	+⅜
27	18¼	Safeway			25	1983	25¼	25¼	25¼	-⅛
6⅜	4⅜	SafewayW96				36	6	6	6	+⅛
57⅞	50¼	StJoePaper	0.20	0.4	290	63	55¼	54⅞	55¼	+⅜
30¼	28	StJosLBP	1.80	6.2	14	14	29⅜	29¼	29¼	-¼
99	76⅞	StPaul	3.00	3.6	8	1517	83½	82½	83⅜	+⅝
9⅜	6¾	Salant Crp			10	94	8	7⅞	8	+⅛
49⅞	39	Sallie Mae	1.40	3.6	8	1807	39½	d38⅞	39	-¼
13⅞	11⅞	Salomon Br	0.34	2.7		360	12⅜	12⅛	12⅜	+⅛
52¾	44¼	Salomon	0.64	1.3	6	4093	49⅞	48⅞	49¼	+⅝
25	21½	SnDgGE	1.52	6.8	12	899	23⅛	22¾	22⅞	+⅛
10	7½	SantaFeERs	0.16	1.9	9	517	8½	8⅜	8½	
40	34⅝	SantaFePac	2.80	7.5	17	31	37⅝	37¼	37¼	-⅛
28¼	21	SanFeP	0.10	0.4	12	5767	22¾	21⅞	22¼	+⅜
28	20⅛	SaraLee	0.64	3.0	14	7470	21⅛	20⅞	21⅛	+⅜
50⅛	44½	Scana Corp	2.82	6.1	12	217	46⅜	45¾	46¼	+⅝
20½	16	Scecorp	1.42	8.7	11	6949	16⅝	16¼	16¼	-⅛
40½	34¾	SchererRP			27	284	35⅝	35⅜	35½	+½
68⅜	54½	SchPl	1.80	3.0	14	9192	59¾	58	59⅝	+1½
61½	50¾	Schlmb	1.20	2.2	22	8488	54⅜	52¾	54⅜	+1
33	25¾	Schwab(C)	0.28	1.0	13	2619	28⅜	26⅝	28⅜	+2⅛
10¾	8⅛	Schweitzer			24	181	8¾	8¼	8⅝	+⅛
36⅞	24⅞	SciAtl	0.12	0.4	55	2496	28	27	27⅝	+1¼
16⅞	13⅛	Scotsman	0.10	0.7	12	56	13⅜	d13⅛	13⅜	+¼

4 pm close April 21

NASDAQ NATIONAL MARKET

4 pm close April 21

AMEX COMPOSITE PRICES

FINANCIAL TIMES Friday April 22 1994

AMERICA

US stocks turn firmer on bond prices

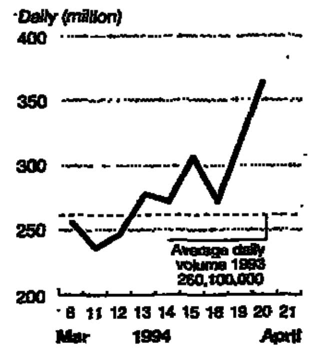
Wall Street

US share prices rallied yesterday morning as investors focused on a firming trend in bonds and strong corporate earnings, *writes Frank McGurty in New York.*

By 1pm, the Dow Jones Industrial Average was 27.97 ahead at 3,626.67, while the more broadly based Standard & Poor's 500 was 4.96 better at 446.92 in brisk trading.

In the secondary markets, the American SE composite added 1.40 to 429.00, and the Nasdaq composite surged 10.02 to 715.54 after three losing sessions.

NYSE volume



Stocks returned to old habits yesterday morning, closely tracking bond prices to moderately higher levels. On Wednesday, share prices had de-coupled from the US Treasury market, moving sharply lower despite a rally in fixed-rate investments.

There was a mixed bag of economic news on offer, and equity investors drew encouragement from the bond market's agility in side-stepping potential obstacles. The labor department was helpful, reporting a big jump in claims for unemployment benefit for a third consecutive week. Bonds moved higher and stocks were close behind them.

The Philadelphia Federal Reserve, however, offered a more complicated view of the economy in its April survey of regional business conditions. The overall index was softer, but the prices-paid index, keenly watched by the inflation-sensitive bond market, was up sharply. Prices dipped on the news, but in a surprising display of resilience, recovered quickly.

The equity markets were impressed by the rebound, as it suggested a mild downdraft in bond prices following Monday's move by the Federal Reserve to lift short-term rates. In Wednesday's session, investors were growing increasingly concerned over the impact of rising long-term rates on corporate profitability. Yesterday was indication that the worst may be over, leaving them free to concentrate a fresh batch of company results from the first quarter.

International Business Machines was the star of the session. The bellwether stock jumped $5¼, or about 10 per cent, to $57½ after exceeding market expecations of its first-quarter performance.

The issue accounted for nearly 10 points of the gain in the Dow industrials. *Caterpillar*, up $1¼ at $105⅛, made a smaller contribution in recovering some of its heavy losses the previous session.

The big three car makers retraced lost ground as well. General Motors was $1⅛ better at $55⅞, Ford rose $2 to $56¾ and Chrysler, which was battered earlier in the week despite a good earnings report, jumped $2¼ to $48⅞.

IBM's progress gave a boost to the entire technology sector, which has been hard hit over the past fortnight. Texas Instruments climbed $4¼ to $69 after announcing a decision to divest non-strategic business and to boost its dividend. Micron Technology rebounded from several days of weakness, adding $2⅞ to $33⅞.

On the Nasdaq, computer stocks staged a parallel rally, led by Wellfleet, up $5¾ at $71. Intel jumped $2¼ to $59½ and Microsoft climbed $2 to $91½.

Canada

Toronto put in a positive morning session, lifted by a stronger Wall Street and by a rally in Canadian bonds. The TSE 300 index climbed 39.93 to 4,145.86.

All 14 sectors posted gains. Volume was 34.82m shares valued at C$384.44m and advances outpaced declines by 329 to 244 with 262 unchanged.

Canadian bonds firmed across the curve with the 8.00 per cent bond due 2023 up C$1.20 to C$95.55. Among the stronger sectors, precious metals climbed 101.85, or 1.1 per cent to 9,070.32. Comex gold was up 60 cents at US$374.50 an ounce.

Other strong groups included conglomerates, up 103.66 at 4,895.25, and transportation which rose 97.80 to 3,880.51. The transportation group was pulled higher by the heavily-weighted Laidlaw B shares, up C$¼ at C$8⅛ in 847,000 shares.

EUROPE

Deutsche faces its critics, shares rise

Bourses had mixed fortunes, *writes Our Markets Staff.*

FRANKFURT shivered when *bund futures weakened*, and the Dax index touched an intraday low of around 3,180. However, both futures and the cash market recovered with the Dax closing at 2,196.97, and virtually holding in the post bourse. Turnover eased from DM11.6bn to DM10.4bn.

Mr Eckhard Frahm of Merck Finck in Düsseldorf said that German 10 year bonds were now yielding around 6.30 to 6.40 per cent, 60 basis points more than they offered at the end of 1993 in spite of the downtrend in short term interest rates.

The Bundesbank, he said, needed to keep the D-Mark strong and to retain the increasing foreign investment in German domestic bonds which has been apparent since unification in 1990. Meanwhile, Merck Finck fancied a contra-*cyclical bet on financials.*

Mostly, this was a good idea: Deutsche Bank decided to face its critics on television (last night) and in the press (next Monday), rose DM16.50 to DM765.50 and lifted the sector; but then there was Depfa, the mortgage bank, a strong tip three or four weeks ago by analysts who thought it could hit DM1,200. Depfa said yesterday that it was adding DM60m to loan loss provisions to take *account of its exposure to* Schneider property loans, and the shares fell DM35 to DM740.

PARIS was unimpressed by the 10 basis point cut in the French intervention rate, and signalled its dissatisfaction at what it saw as "too little, too late" by diving to the day's low of 2,079.

The market recovered swiftly, but then retreated once again before a positive opening on Wall Street helped it to recover just before the close. The CAC-40 index ended off 10.76 at 2,091.95.

Peugeot slipped FFr9 to FFr905 as some profits were booked following a good rise ahead of yesterday's 1993 results. Eurotunnel eased FFr1.05 to FFr40.90, but off a low of FFr40.60, after announcing that it would open the tunnel to passenger services in *October.*

ZURICH was again pulled lower by weak bonds but recovered with Wall Street, the SMI index ending 37.1 lower at 2,781.6. Foreign selling depressed insurers.

Zurich Insurance lost SFr35 to SFr1,235, Winterthur SFr10 *to SFr665 and Swiss Re SFr17* to SFr630. Among banks, SBC fell SFr13 to SFr404 and CS Holding SFr14 to SFr606.

Some cyclicals continued to find favour. Georg Fischer, the foundries and engineering group which last month forecast a return to profit this year, added another SFr35 to *SFr1,435, taking its gains this* week to SFr95.

Roche certificates, seeing some profit-taking after this week's figures, fell to a low of SFr6,780 before finishing SFr90 lower on the day at SFr6,900 after some sustained late buying by a Zurich bank.

AMSTERDAM ended marginally firmer, The AEX index rising 0.57 to 415.41.

Nedlloyd added Fl 1.30 to Fl 75.70 as 1993 results came in much as expected, while Hoogovens put on Fl 1.60 to Fl 64.70 on good 1994 prospects.

One of the best performances came from Nutricia, the food group, rising to a 12 month high, up Fl 1.50 to Fl 82.00. Goldman Sachs came out with a positive recommendation this week, noting that the company promised good *1994* results, helped by recent restructuring.

MILAN played a waiting game, with domestic funds *staying out of the* market, and the Comit index fell 10.79 to 766.81. Benetton rose L325 to L25,714 on a 12.6 per cent rise in 1993 consolidated net profits, although the result was in line with forecasts.

Ferruzzi remained volatile, losing L37 to L2,498 as it emerged *that the company's* L1,399bn funding programme will be launched next Tuesday. Ciga, the hotel group, fell L26 to L1,207 in heavy volume of 25.5m shares amid speculation that Sheraton may have to raise its bid to gain control.

Against the trend, Stet put on L26 to L5,863 which was attributed to switching between the savings and ordinary shares.

Among blue chips, Fiat lost L70 to L6,394 and Pirelli L145 to L2,925, although the tyremaker's Wednesday announcement that 1993 losses had narrowed and the company should return to profit in 1994 was regarded as an extremely positive development.

MADRID offered a gentle recovery, the general index rising 1.39 to 311.12 as turnover fell further to Pta20.3bn.

In banks, Banesto recouped Wednesday's losses, *rising* Pta50 to Pta800; Santander responded to higher first quarter profits, up Pta60 at Pta6,150; but the non-bidders for Banesto stood out more with BCH up Pta115 to Pta2,975 and Popular Pta310 better at Pta15,210.

ISTANBUL dropped 5.9 per cent on the fall in the dollar and the collapse of Marmara Bank, banned from taking deposits *after* weeks of speculation which engulfed the banking sector in a liquidity crisis. The composite index fell 1,212.16 to 19,428.31 as turnover soared from TL1,800bn to TL2,700bn.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

FT-SE Actuaries Share Indices

Apr 21							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1442.37	1435.78	1434.07	1438.53	1437.66	1439.22	1438.17	1436.73
FT-SE Eurotrack 200	1463.02	1458.54	1457.44	1458.91	1458.04	1460.45	1459.61	1458.95
	Apr 20	Apr 19	Apr 18	Apr 15	Apr 14			
FT-SE Eurotrack 100	1444.73	1448.60	1470.58	1471.48	1467.07			
FT-SE Eurotrack 200	1465.17	1470.89	1492.35	1488.43	1482.61			

Base 1000 (26/10/90); High/day: 100 - 1442.37; 200 - 1463.02 Low/day: 100 - 1433.10 200 - 1455.88

Warsaw begins to recover

By Christopher Bobinski in Warsaw

Polish equities accelerated their recovery yesterday after sharp falls last week, the WIG index rising 1,800, or 15.9 per cent to 13,099. The WIG has gained 31 per cent over the past three sessions, following a drop of more than 50 per cent since it reached a peak in early March.

The recovery comes after the Warsaw stock exchange suspended the 10 per cent price limit movements and made investors set a price in their trading orders rather than asking for the "price of the day."

The order driven market, which is modelled on the French system, is seeing the gradual restoration of price limits: a 20 per cent spread was in force yesterday, 15 per cent on Monday and a return to 10 per cent is set for next Tuesday. Investors can once again ask brokers to sell at the "price of the day" and, yesterday, this meant that 11 of the 23 traded stocks hit the 20 per cent barrier.

Prospective price/earnings ratios for 1994, however, remain high at an average of 21.3. This has encouraged foreign investors, who helped to fuel the spectacular share price rises of last year, to remain absent.

Rights issues and flotations of both private sector companies and state sector disposals will continue to divert funds away from the already listed stocks. Mr Leslaw Paga, head of the securities commission, said yesterday that he was examining 26 prospectuses, and a further three companies yesterday received permission to go ahead with public share offers.

This year six completed *rights and flotations* have aggregated around $94m while the total value of new shares currently on offer amounts to around $140m. Another $50m worth goes on sale next week in the Polifarb Cieszyn rights issue and sale of paint producer Polifarb Wroclaw, a state sector disposal. Turnover yesterday was $36m.

ASIA PACIFIC

Hong Kong dips 3% on property worries

Tokyo

The Nikkei fell for the third consecutive day on lingering worries over the uncertain political situation and the rise in the yen, *writes Emiko Terazono in Tokyo.*

The 225 index moved in a narrow range throughout the day in light trading, falling 82.82 to 19,799.36 after a high of 19,934.89 and a low of 19,793.56. Some overseas investors chose to take advantage of the rise in the yen and sell large capital stocks.

The yen closed up Y0.50 at Y102.90, rising above the Y103 level in spite of intermittent selling by the Bank of Japan. Traders sold the dollar against the yen and the D-Mark due to the overnight fall on Wall Street.

Volume was 250m shares against 346m. Traders said that even dealers were reluctant to take positions since institutional investors were placing buy orders around the 19,500 level, while some corporations were looking to take profits around the 20,000 level.

The Topix index of all first section stocks fell 5.93 to 1,607.50, while the Nikkei 300 lost 1.01 to 293.83. Losers led gainers by 677 to 298, with 207 issues unchanged.

In London, the ISE/Nikkei 50 index rose 1.06 to 1,310.7.

Steel stocks were sold by foreign investors: Nippon Steel, the day's most active issue, fell Y7 to Y342, while Kawasaki Steel declined Y4 to Y362.

Japan Airlines, which had risen on Wednesday after announcing a voluntary retirement plan for employees in their 30s, fell Y4 to Y709 on profit-taking.

Nippon Trust Bank jumped Y23 to Y535 on reports, later denied, that Mitsubishi Bank was planning a ballout package for the trust bank.

In Osaka, the OSE average fell 140.51 to 22,083.43 in volume of 19.8m shares.

Roundup

Wall Street's overnight weakness was reflected in the region.

HONG KONG saw heavy selling of property shares on worries about measures being drafted by the government to cool the housing market and an expected rise in interest rates in line with the US. The Hang Seng index dropped by 286.42, or 3.1 per cent to 8,934.59, its second lowest close of 1994.

Turnover rose from HK$3.3bn to HK$4.86bn as the property sector plunged 766.69, or 4.7 per cent to 15,437.17. Cheung Kong and Sun Hung Kai, two of Hong Kong's biggest residential property developers and among the biggest listed stocks, dropped by HK$1.75 to HK$35.75, and by HK$2.75 to HK$47 respectively; Hongkong Land, a Jardine group stock and the landlord of much of central Hong Kong, ended HK$1.10 lower at HK$22.10.

MANILA blamed a technical correction, profit-taking after a succession of gains and a drop in PLDT stock in New York as the composite index fell 69.71, or 2.4 per cent to 2,777.11.

Philippine Long Distance Telephone lost $1⅛ on Wall Street. At home, it lost 65 pesos to 1,715 pesos, while the utility, Meralco, saw its B shares down 10 pesos at 505.

AUSTRALIA was depressed by weakness in futures, the June share price index peaking at *2,036.0* before a drop to 1,995.0 and a partial recovery to 2,007.0, down 13. The All Ordinaries index ended 17.0 down at 2,029.6.

Turnover was A$410.86m. Among the few risers, Brambles Industries rose 20 cents to A$14.40 after a newspaper report said that the company had sold its loss-making Austrian crane hire and heavy haulage business.

NEW ZEALAND reflected weakness on Wall Street as the NZSE-40 index lost 22.40, or 1.1 per cent at 2,084.95.

BOMBAY fell in end-of-account trade, the *BSE* index closing 51.36 lower at 3,778.93.

There was some selling by foreign institutions but brokers said that the index fall was largely due to squaring up by *local speculators.*

KARACHI took profits before the Friday/Saturday weekend, the KSE 100 index closing 17.42 at 2,481.64.

SINGAPORE's banks were firm, but there was some weakness in properties as the Straits Times Industrial index edged up *by 1.63 to 2,231.29.* KUALA LUMPUR combined general uncertainty with short term speculation by retail investors, but the KLSE composite fell 10.75 to 1,028.1.

TAIWAN put on 0.9 per cent on technical buying and news of maintained bank dividends, *the weighted price index closing* 49.15 higher at 5,741.47.

Mexican stocks turn positive

Mexican stocks recovered from opening weakness, although the market was still dominated by Wednesday's 342 basis points increase to 18 per cent for the bellwether 28-day Cetes, or Treasury bill, the highest levels since November 1992.

The IPC index, which fell to a low of 1,934.35 in early trading had recovered by midmorning to stand 15.03 higher at 1,972.36.

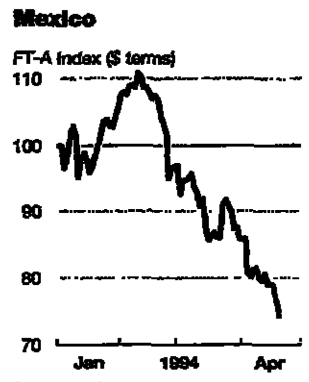
Rumours of a devaluation of the peso beyond its regular *daily slide against the dollar* added to the early nervousness although analysts believed the possibility of devaluation was minimal. The peso has lost 8 per cent against the dollar so far this year and is at the upper limit of its trading band.

Also adding to negative sentiment were poor expectations for first quarter company results which will start coming through over the next few days.

The downturn was led by shares of Telmex, whose L *shares, available to foreign* investors, were 0.9 per cent lower in early trading.

Banking stocks were also weak, with C shares of the Banacci financial group 0.6 per cent lower and Grupo Financiero Bancomer A shares down 0.4 per cent. C shares of Cifra, *the retailing giant had not* traded at 7.48 pesos while Fomento Economico Mexicano (Femsa), the bottler was untraded at 13 pesos, as was Telmex holding company Grupo Carso at 25.5 pesos.

Mexico



Source: FT Graphite

S Africa ends lower

Johannesburg ended a quiet day lower with investors reluctant to commit themselves less than a week before the elections. The weakness of *the gold price and a firmer* financial rand added to the hesitant tone.

The overall index finished 8 softer at 5,037 and golds fell 23 to 1,860, but industrials managed a gain of 3 to 5,963.

De Beers ended 50 cents lower at R107 and JCI fell R1 *to R91. Richemont reversed* small early gains to lose 50 cents to R41, but substantial gains in industrials were registered for Iscor, which added 7 cents to R3.27 and Malbak, up 65 cents to R18.90.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 20 1994								TUESDAY APRIL 19 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (69)	166.16	-0.5	165.80	108.50	146.34	154.19	-0.6	3.54	166.97	167.47	108.94	147.66	155.40	189.15	130.19	142.72
Austria (17)	176.57	-0.6	176.19	115.29	155.50	155.71	-0.9	1.00	177.72	178.25	115.95	157.16	157.18	195.41	139.63	143.47
Belgium (42)	165.29	0.2	164.93	107.93	145.57	142.22	-0.1	3.84	164.89	165.38	107.58	145.82	142.40	171.69	141.92	154.16
Canada (106)	124.42	0.3	124.15	81.24	109.57	124.74	0.1	2.69	124.07	124.44	80.95	109.72	124.66	145.31	121.46	124.37
Denmark (32)	249.93	0.4	249.39	163.20	220.11	225.88	0.0	1.06	248.63	249.57	162.34	220.04	225.87	275.79	207.58	213.00
Finland (22)	144.97	1.1	144.65	94.66	127.67	167.06	0.9	0.89	143.40	143.83	93.56	126.82	165.63	156.72	85.54	87.99
France (98)	168.10	-1.2	167.73	109.76	148.04	153.43	-1.4	2.94	170.06	170.57	110.96	150.39	155.59	185.37	149.60	161.44
Germany (58)	138.22	1.0	137.92	90.25	121.73	121.73	0.6	1.69	136.89	137.30	89.31	121.06	121.06	142.38	107.59	116.63
Hong Kong (56)	378.83	-1.2	378.01	247.37	333.64	375.83	-1.2	2.83	383.36	384.52	250.12	339.03	380.33	506.56	265.67	265.67
Ireland (14)	187.98	-0.4	187.57	122.75	165.56	183.61	-0.6	3.28	188.75	189.32	123.15	166.92	184.66	209.33	155.93	165.81
Italy (60)	90.13	1.0	89.83	58.85	79.38	109.34	0.8	1.58	89.21	89.48	58.21	78.90	108.43	93.43	57.88	64.28
Japan (469)	156.03	-1.7	155.69	101.88	137.41	101.88	-1.6	0.79	158.74	159.21	103.56	140.38	103.56	165.91	124.54	138.76
Malaysia (98)	483.51	0.5	482.47	315.72	425.83	500.60	0.6	1.35	481.25	482.70	313.99	425.60	497.75	621.63	304.38	304.38
Mexico (18)	1772.18	-3.2	1768.33	1157.18	1560.73	6522.94	-3.1	0.77	1830.03	1835.52	1193.98	1618.35	6735.11	2647.08	1431.17	1625.26
Netherland (26)	200.47	-0.3	200.04	130.90	176.55	174.07	-0.7	3.23	201.04	201.65	131.17	177.79	175.25	207.43	163.30	171.87
New Zealand (14)	65.25	0.5	65.11	42.61	57.47	61.06	0.1	3.89	64.94	65.14	42.37	57.43	60.99	77.59	46.43	47.55
Norway (23)	191.71	-0.1	191.29	125.18	168.83	191.47	-0.4	1.73	191.91	192.49	125.21	169.72	192.29	206.42	150.61	156.25
Singapore (44)	335.48	0.6	334.78	219.06	295.46	241.02	0.6	1.61	333.45	334.46	217.56	294.89	239.56	378.92	235.09	236.01
South Africa (59)	236.32	-2.4	235.81	154.31	208.13	258.01	-0.8	2.37	242.02	242.75	157.90	214.03	260.00	280.26	172.13	175.75
Spain (42)	134.01	-1.1	133.72	87.50	118.02	140.83	-1.4	4.23	135.43	135.84	88.36	119.77	142.85	155.79	116.33	131.63
Sweden (36)	209.43	-0.3	208.97	136.75	184.44	245.46	-0.3	1.80	210.06	210.69	137.05	185.76	246.30	230.02	163.85	168.12
Switzerland (48)	160.01	-0.4	159.66	104.48	140.92	142.88	-0.5	1.63	160.63	161.12	104.80	142.05	143.62	176.56	119.46	119.46
United Kingdom (205)	189.33	-0.4	188.98	123.67	166.79	188.38	-0.9	3.91	190.18	190.75	124.08	168.19	190.75	214.96	170.32	177.90
USA (519)	180.20	-0.1	179.81	117.67	158.70	180.20	-0.1	2.94	180.32	180.86	117.65	159.46	180.32	196.04	176.91	181.73
EUROPE (724)	166.10	-0.2	165.74	108.46	146.28	158.68	-0.6	2.91	166.43	166.93	108.59	147.18	159.57	178.58	141.58	146.46
Nordic (113)	202.32	0.1	201.88	132.11	178.18	208.59	-0.1	1.38	202.16	202.76	131.89	178.77	206.78	220.60	155.82	159.18
Pacific Basin (750)	164.37	-1.5	164.01	107.33	144.76	111.99	-1.4	1.08	166.89	167.39	108.89	147.59	113.64	168.80	134.79	142.62
Euro-Pacific (1474)	164.94	-1.0	164.58	107.70	145.26	130.33	-1.1	1.84	166.55	167.05	108.66	147.29	131.77	170.78	141.98	144.08
North America (625)	176.74	-0.1	176.36	115.41	155.65	176.38	-0.1	2.93	176.83	177.36	115.37	156.37	176.49	192.73	173.70	178.17
Europe Ex. UK (519)	149.77	-0.1	149.45	97.80	131.90	139.75	-0.3	2.31	149.88	150.33	97.79	132.54	140.23	155.73	122.37	126.92
Pacific Ex. Japan (281)	246.30	-0.4	245.77	160.83	216.92	225.07	-0.5	2.64	247.35	248.09	161.38	218.74	226.19	296.21	180.87	180.87
World Ex. US (1657)	165.34	-1.0	164.98	107.96	145.61	133.12	-1.1	1.86	166.99	167.49	108.95	147.67	134.57	172.51	142.94	144.64
World Ex. UK (1971)	167.33	-0.7	166.97	109.26	147.37	143.96	-0.7	2.06	168.50	169.00	109.93	149.01	144.98	175.58	152.41	154.00
World Ex. So. Af. (2117)	168.91	-0.7	168.55	110.30	148.76	147.13	-0.7	2.24	170.01	170.52	110.92	150.35	148.20	178.56	154.85	156.09
World Ex. Japan (1707)	178.40	-0.2	178.02	116.49	157.12	174.61	-0.3	2.67	178.77	179.30	116.63	158.09	175.18	195.20	165.70	167.04
The World Index (2176)	169.29	-0.7	168.92	110.54	149.09	147.99	-0.7	2.24	170.42	170.93	111.19	150.70	149.07	178.97	154.85	156.10

Latest prices were unavailable for this edition.

RECRUITMENT

Jobs: Better news ahead for personnel managers and redundant executives

Two-way communication helps employee relations

Two weeks ago we ran a jobs column which questioned the validity of human resource management, suggesting that the latest personnel techniques did nothing to improve employee-management relations.

Perhaps the most controversial finding was that workplaces with personnel specialists had worse employee-management relations than those without. Sue Fernie and David Metcalf of the centre for economic performance, London School of Economics, concluded that personnel specialists and directors on the board did not improve employee-management relations and probably detracted from it.

The findings caused some incredulity among HRM specialists and some doubt about the interpretation of the research. Job evaluation, merit pay, profit sharing and employee share ownership schemes were all surprisingly given the thumbs down for their promotion of employee-management relations.

Metcalf admits that the way the findings were presented may have been somewhat unfair to human resource people in that they concentrated on industrial relations, but he defends the results that were produced using a relatively new statistical technique called ordered probit.

A closer look at the figures shows that some of the newest HRM communications methods aimed at better employee relations were indeed welcomed by employees. Problem solving groups, meetings and suggestions schemes were valued far more highly than, say, briefing groups and the use of delegating chains.

Metcalf notes that those companies which place HRM at the core of their business appear to achieve more effective results than those adopting it as an add-on tool.

What prompted the report, he said, was an irritation with what he called the self-serving way in which human resource management was presented in many journals and newspapers. He and Fernie are now carrying out research into the economic benefits of human resource mangement. Watch this space.

■ You are an executive and last year you lost your job. The chances are you are a man, aged 44, had 10 years service with your last employer and earned £43,300 a year before you got the boot.

This, according to Drake Beam Morin, the outplacement consultancy, is the profile of the typical redundant European executive in 1993.

What is more, if you were a client of DBM, there was a good chance you worked in marketing or sales for a company in computers and electronics, food and beverage or chemicals and oil. Nearly half of the company's clients came from shrinking operations in these sector: across Europe. Banking and pharmaceuticals were also widely affected. General management and engineering jobs were among those badly hit.

Just to add to your woes, if you recognise yourself and live in Portugal, the UK, France, Germany or Norway, you might like to know that you probably received less on leaving than you would have got the previous year.

Payments declined from 1992 to 1993 in six of the countries surveyed (France, Germany, Portugal, Norway, US and UK). The highest payer with six weeks for every year of service is Portugal, followed by Spain (5.6 weeks), Sweden (4.9) and Belgium (4.8). The UK, with 3.3 weeks, just creeps into the bottom half of the table under the Netherlands (4.2). The countries paying the least to departing executives are Switzerland (2.4), Germany (2), France (1.9) and the US (1.8).

Both the DBM survey and another by Coutts career consultants suggests that a declining number of executives who lose their jobs are returning to full employment and that more are moving into self employment.

What does all this mean for outplacement consultants? Predictably both DBM and Coutts found that networking – the art of making personal contacts, promoted by outplacement specialists – proved the best way of finding a new job.

■ *British Coal Enterprises*, formed to help redundant miners find new jobs, has spread its expertise, offering a full outplacement service that operates under the title Grosvenor Career Services in competition with private outplacement companies. Grosvenor has had contracts with a number of energy sector companies.

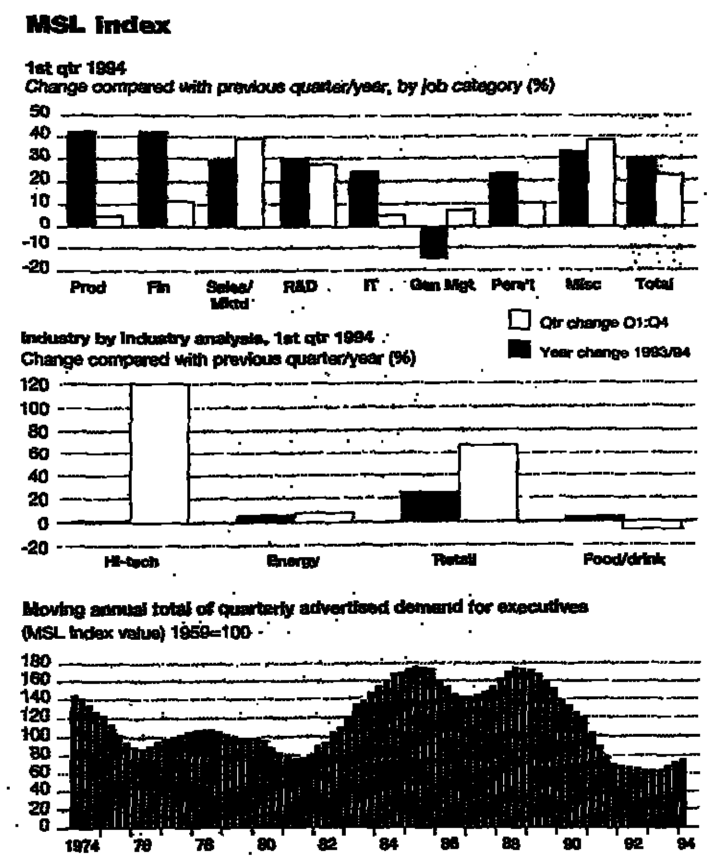
The large private outplacement companies are complaining that the competition is unfair because BCE receives a European Community grant. The Association of Outplacement Consulting Firms International, a body that represents the biggest outplacement firms, says it intends to complain to someone in government, probably Michael Heseltine, the Trade and Industry Secretary.

Grosvenor says that it sees none of the EU money itself and has to operate as a profit-making organisation. Indeed it argues that the success of its service lessens the burden on taxpayers to support BCE.

Philip Andrew, the chief executive of BCE, said that he expected the outplacement service to be fully privatised within a year although he did not yet have a schedule.

■ Finally, the graphs on the right supplied by the MSL recruitment consultancy show that there is some heartening news for redundant executives. Advertised demand for executive posts is picking up.

Richard Donkin



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CITY **£25,000-£35,000 + BONUS**

This is an excellent career opportunity for a bright, adaptable credit trained graduate with 2-3 years' banking experience, marketing and negotiating international transactions. Experience in trade and commodity finance is not required as the Bank will train. There will be the opportunity to focus on structured deals and to assume personal responsibility for conducting negotiations with clients at a senior level. *There are excellent career prospects within the world-wide branch network.* **Reference SF4964/FT**

CJA

CREDIT ANALYST

CITY **£25,000-£30,000 + BONUS**

The Credit Analyst is dedicated to the specialised financing team and in addition to preparing the financial information will work closely with the account officers in preparing the proposals and will visit clients and look beyond the balance sheets in providing a broader commercial view. Candidates should be graduate calibre, preferably US credit trained with 2-4 years' international credit experience and ideally trade and commodity finance experience. PC skills are essential. There is scope to progress to account officer in 12-18 months. **Reference CA4965/FT**

Applications in strict confidence quoting the appropriate reference to the Managing Director, CJA.

INTERNATIONAL BOND MANAGER

Highly competitive salary + bonus + car + benefits

Murray Johnstone Limited is one of Scotland's leading investment management groups, currently managing assets of around £5 billion. Our wide range of products include Investment Trusts, Unit Trusts, Pension Funds, Venture Capital and Private Clients.

We are seeking an experienced International Bond Manager to join our expanding Treasury team in Glasgow. Your core responsibility will be the management of bond portfolios with particular emphasis on our international investments which are growing impressively. You will also be expected to take an active part in strategy formulation and be skilled in making presentations.

Educated to degree level and professionally qualified, you will have had at least five years experience of managing portfolios, and should be able to demonstrate a strong track record. Experience of working with sophisticated financial instruments will be distinctly advanageous. It is unlikely that anyone aged under 30 will have the necessary experience to fulfil this demanding role.

This is a senior position and the salary and benefits are commensurate with this. Relocation assistance will be provided where appropriate.

MURRAY JOHNSTONE

Please write, giving brief but comprehensive details to Chris Jackson, Director – Corporate Services, Murray Johnstone Limited, 7 West Nile Street, Glasgow G1 2PX.

A member of IMRO.

FUTURES & OPTIONS SALES

- Two Senior Brokerage positions for experienced individuals covering Exchange Traded Options and Futures & Options
- The ideal candidate for the Exchange Traded Options position will have a minimum of three years relevant experience, some knowledge of OTC Options and client contacts.
- The ideal candidate for the Futures & Options Sales role will have a minimum of three years experience of the Fixed Income Markets with emphasis on European Government Bonds, Repos and Basis Trading. You will have experience of Derivatives and be able to provide professional fundamental strategic advice.
- These two positions will be based in the London office for the established and expanding International Futures & Options arm of a leading Bank with an office network covering the major Exchanges in Europe, the Far East and North America.
- Our Client has a total commitment to the further development of their considerable Exchange Traded Futures & Options business and to creating additional value added for their Institutional Client base within the Capital Markets area. The salaries for these positions are fully competitive with market rates and offer good bonus incentives.

Interested individuals with the relevant skills should contact **Oliver Wells** enclosing a full CV to the address below.

Michelangelo Associates, International Search and Selection,
36 Whitefriars Street, London EC4Y 8BH. Tel: 071 936 2857, Fax: 071-583 6531

Michelangelo

Foreign & Colonial

PORTFOLIO MANAGER GERMAN EQUITIES

The Foreign & Colonial group is a leading and well-established investment house with funds under management in excess of £10bn. As a result of further expansion, we are looking to recruit a talented individual to join our continental European team. The individual will focus on the management of our German equity portfolios which have grown significantly of late due to the success of Foreign & Colonial's joint venture with Bayerische Hypotheken- und Wechsel-Bank.

Responsiblities will include:

- Analytical monitoring and preparation of reports on our German holdings, with a particular emphasis on the smaller capitalisation companies, as well as searching for new investment ideas.
- Assisting the senior German equity portfolio manager in the day to day management of all the German equity portfolios.
- Presenting and reporting directly to clients, both in the UK and Germany, on the German equity portfolios.
- Providing general assistance to the work effort of the European team and in-put on Germany.

The successful candidate will speak and write fluently both in English and German, is expected to have a university degree or some other professional qualification and would have preferably some experience of the German equity market either as an investment analyst or portfolio manager. Competitive package and benefits. Please apply in writing with an accompanying c.v. to:

Ms. Lynne P.A. Bishop, Head of Personnel,
Foreign & Colonial Management Limited,
Exchange House, Primrose Street,
London EC2A 2NY

PORTFOLIO MANAGER

Southeastern company needs in-house executive to evaluate and interface with numerous money managers. Experience required in national/international money markets, equities and fixed income securities. Will be responsible for implementing investment policies for growing private portfolio.

Send resume to:

A Davis,
PO Box 530710,
Birmingham,
AL 35253 U.S.A.

SALES ASSISTANT

Intelligent and flexible Sales Assistant required for small dynamic West-End Financial Broker to provide full sales desk administrative duties. Equity Ops experience and Computer literacy preferred. Non smoker. Salary Negotiable.

Kindly fax CV to
Martin Stockman 071 491 2367

EUROPEAN FINANCIAL MANAGER

Resp. for financial reporting, MIS, Treasury & Tax affairs for US company's German subsidiaries. Fluent English/German. US GAAP. Pays 145,000 DM + 10% bonus.

CV to 15840 Ventura Blvd., #838, Encino, CA 91436 or FAX 818-981-6505.

JOIN THE MAJOR NEW FORCE IN PENSION FUND MANAGEMENT

DIRECTOR OF SECURITIES

ESN Pension Management Group, one of the UK's largest investment management organisations, wishes to appoint a Director of Securities to assume overall responsibility for its £12 billion plus portfolio of securities.

Since becoming an independent fund management house in 1991 following the privatisation of the electricity industry in England and Wales, ESN has continued to deliver a highly creditable, competitive investment performance against benchmarks and is expanding its prestigious client base.

Now, with the promotion of the former Director of Securities to take over from Michael Cannan as Chief Executive, ESN is looking for an outstanding investment professional to lead a team of divisional directors, senior fund managers, fund managers and analysts investing in securities markets across the world. Using quantitative investment techniques and backed by highly sophisticated computer systems, ESN's active management style has been a major factor in the success of its funds.

The successful candidate will be expected to lead from the front – supervising the investment team as well as liaising directly with clients on performance reporting and other key issues.

Salary, performance-related bonus and other benefits have been set to attract top quality candidates to this high profile post.

In the first instance, please write to Michael Cannan, ESN Pension Management Group Limited, 110 Buckingham Palace Road, London SW1W 9SL.

ESN

HEAD OF STRUCTURED FINANCE

Rabobank

IFSC DUBLIN

The Rabobank Group, a co-operative banking organisation in the Netherlands employing over 39,000 people in Holland and in its 50 international offices, has gross assets of Dfl253bn. The Group is AAA rated and is among the top 50 banks in the world in asset terms. With leasing and insurance subsidiaries already operating in the IFSC, the Group now wishes to broaden its activities and is in the process of establishing a presence to carry out lending, treasury, investment management and structured finance activities. These activities will have an international focus and will be managed and developed by a small team of highly motivated and commercially oriented professionals working closely together in a challenging and dynamic environment. We have been retained to recruit the Head of Structured Finance.

Reporting to the General Manager and working closely with the Corporate Finance Department in head office, the successful candidate will be responsible for building a small team of professionals and developing the Structured Finance function based in the I.F.S.C. The Head of Structured Finance will be deal-driven and will market the I.F.S.C. to Rabobank's expanding network of international customers concentrating initially on asset, receivables, off balance sheet and tax based financing structures. The successful candidate will also be responsible for developing new tax based products and structures.

Candidates, aged in their thirties, should have a suitable professional third level qualification and should have gained a number of years' experience in an internationally focused financial services environment. They should be able to demonstrate the ability to develop, market and close innovative international financing structures and should have an appreciation of international tax regulations as they effect investments in the I.F.S.C. Candidates should be creative thinkers and should have initiative, good judgement and well-developed interpersonal skills.

This is a senior management position and offers excellent career prospects within the Rabobank Group. An attractive and comprehensive remuneration package commensurate with the responsibilities of this position will apply.

Applicants should send full personal, career and salary details, including a daytime contact number, to: Ian Barrett, KPMG Management Consulting, Russell Court, Stokes Place, St. Stephen's Green, Dublin 2, Ireland. Fax. no. 353-1-708 1888, quoting Reference Number 4865.

KPMG Management Consulting

DIRECTOR OF OPERATIONS

Major European Bank
City Based

Our client is one of Europe's leading integrated investment banks with a major presence in Treasury, Equity and Capital Markets. They currently seek an outstanding operations professional from an international investment banking background to lead their development over the next decade.

Leading a substantial operations and settlements function, key responsibilities will be:

- To be a key player in the senior management team instrumental in the re-engineering and ongoing development of the function.
- To be innovative in optimising resource both in terms of staff and technology, so as to best serve the needs of the business and its customers.
- To provide the highest standard of management and leadership to the global settlements activities of the bank across all product areas and to develop the function into a market leader in its capacity to provide top quality support for all business areas.
- To ensure robust controls are maintained over core accounting records and payment systems.

The qualifications for this key Director level appointment will be:

- Comprehensive experience of settlements functions for the full range of instruments traded.
- A track record of achievement in a leading senior management role with experience of managing change and team building.
- Outstanding interpersonal and presentation skills, with immediate impact and a highly professional approach.
- Strong academic background with a high degree of mathematical and financial literacy to fully understand sophisticated products and relevant financial controls and reporting.

The salary indicator is in excess of £100,000 plus an outstanding benefits package and will not be a limiting factor for the right individual. It is unlikely anyone currently earning less than £80,000 basic salary would have sufficient experience.

In the first instance, please write, enclosing a comprehensive curriculum vitae and current remuneration details to **Jonathan Williams, Director, Michael Page City, Page House 39-41 Parker Street, London WC2B 5LH.**

All applications will be treated in absolute confidence.

MP

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

Compliance Officer
Fund Management

Our client is a powerful, global investment manager with offices in the worlds key financial centres. It currently manages over US $30 billion of funds for a wide range of both retail and institutional clients. With the growing polarisation of the fund management industry between global providers and small niche players, our client is uniquely positioned as a multi-market, multi-product business able to deliver tailored investment solutions.

An outstanding opportunity has arisen for a Compliance Officer, preferably with a legal background, to join the Compliance team. The role will include: developing and documenting compliance procedures, ensuring the continuing education of staff in the practical implementation of regulation; providing advice and guidance on regulatory issues to all business areas and liaising with the *regulatory authorities.*

Applicants will ideally have a legal qualification and as such will be able to provide legal advice on many compliance related issues. They must have a good knowledge of unit trusts and fund management. Added to this is hands-on experience of the rules and regulations of IMRO and the SIB. As important however is the ability to look at regulation from a global perspective.

The successful candidate will have had some experience of working in a commercial environment. They should have the requisite status, authority and personality for this senior position.

Interested applicants should contact Anna Williams, at Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH, quoting reference 186225, or alternatively telephone her on 071 831 2000 *for an initial discussion.*

MP

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

Marketing to the Middle East . . .

International Private Banking

Excellent package plus bonus — London based

This major investment bank is a unique financial institution whose outstanding performance positions it in the premier league. ROE of 27% and 1993 profits of over $1 billion show the success of their strategy in delivering leading edge product innovation.

The Bank is taking a uniquely creative approach to the successful expansion of its International Private Banking business. Recognising the increasing sophistication and needs of high net worth individuals the Bank now seeks two talented marketing officers with creative product knowledge well beyond that of the traditional Private Banker, *to complement the existing team.* The roles and skills set are:

VICE PRESIDENT RELATIONSHIP MANAGER, SAUDI ARABIA TEAM

- High calibre individual with outstanding maturity, interpersonal skills, management ability and detailed knowledge of Saudi Arabian environment, *ideally having lived there. Experience of other parts* of the Middle East also desirable.
- A minimum of 10 years experience of marketing a diverse range of products to the Middle East - in addition to "traditional" Private Banking & Investment Management.
- Strong credit background and thorough familiarity with the corporate environment in Saudi Arabia, not only the individual market. Experience in the US banking environment coupled with an MBA.

MIDDLE EAST TEAM, GENERALIST ASSOCIATE, OWNER-MANAGED BUSINESS FOCUS

- Outstanding recent/current MBA to act as generalist Associate within Middle Eastern team. Must possess excellent academic qualifications with strong quantitative skills coupled with fluent Arabic. Thorough familiarity with Middle East culture and business practice is essential.
- Initial focus will be to market to the owner-managed business sector in Middle East. Desired candidate must therefore possess detailed knowledge of entrepreneurial environment, ideally from working in the sector.
- Self-starter, flexible, committed, excellent interpersonal skills and marketing ability.

Interested candidates should write to Niall Macnaughton at BBM Associates Ltd (Consultants in Recruitment) enclosing a full Curriculum Vitae which should include contact telephone numbers. All applications will be treated in the strictest confidence.

76, Watling Street,
London EC4M 9BJ

BBM
SELECTION

Tel: 071-248 3653
Fax: 071-248 2814

COMPLIANCE OFFICER

A challenging role of influence and impact
Chester

At Marks and Spencer Financial Services, we are in the process of preparing the launch of a new Life and Pensions Company in 1995.

As part of an exceptionally exciting and demanding period of development, we are looking for an experienced compliance expert, with a background in life assurance. Ideally you will already be experienced in the design and implementation of compliance systems.

We are a company that thrives on finding new ways to provide the highest quality of service, you will therefore, be required to use your knowledge of *compliance to bring about the most effective solutions* that meet the regulatory requirements. This will involve liaising with all departments in the business. It will be up to you to contribute active, creative and realistic ideas to this crucial area of business.

Therefore, as well as being our "resident expert", you must be an entrepreneurial individual who communicates well at all levels as this post will include advising the Board. Making the best use of your analytical and persuasive skills, you will be a fundamental part of the overall team. Based in Chester, you will be involved in a certain amount of national travel.

In return for your commitment, we will provide you with an excellent salary (depending on experience) and a generous package including company car, non-contributory pension scheme, service related profit sharing, share option, store discounts and *relocation expenses, where appropriate.*

To apply, please telephone 0244 686982 quoting reference PFFT22 for an information pack.

The closing date for returned applications is Friday, 6th May 1994.

We are an equal opportunities employer.

POSITIVE ABOUT DISABLED PEOPLE

MARKS & SPENCER
FINANCIAL SERVICES

Global Investment Bank

Australian Equity Sales

Our client is a major Global Investment Bank with a reputation for leading the market in innovation and commitment to Australasian equities, bonds and derivative products. The London-based team seeks to hire a senior Australian equity salesman to augment the strength of the team in this specialism.

The ideal candidate will be a graduate in his/her late twenties or early thirties, with a minimum of five years Australian equity sales experience to an established UK and European institutional client base.

He/she will need to possess a thorough understanding of associated derivative products and have experience of cross-border equity and debt transactions. The ability to display prior success in product development, client marketing and business strategy would be advantageous.

The rewards for this exacting role will include a highly competitive basic salary, performance-related bonus and a comprehensive range of banking benefits.

Interested candidates should write to Annabella Humphreys at BBM Associates Ltd at the address below enclosing a detailed curriculum vitae. All applications will be treated in the strictest confidence.

76, Watling Street,
London EC4M 9BJ

BBM
SELECTION

Tel: 071-248 3653
Fax: 071-248 2814

CJA
RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

Challenging opportunity in a progressive HR department which plays a piovotal role in engendering change

HUMAN RESOURCES MANAGER
FINANCIAL SECTOR

CJRA

CITY — **ATTRACTIVE SALARY AND BANKING BENEFITS PACKAGE + CAR**

UK ARM OF ONE OF THE WORLD'S PRINCIPAL INTERNATIONAL BANKS

We invite applications from graduates who are IPM qualified, aged 30+, who must have had 7-8 years broad ranging generalist personnel experience *of which at least 4 must have been in the financial sector. This City experience will have given you exposure to, and credibility at all levels, and it is* essential that you have implemented and used the latest HR techniques including computerised personnel and sophisticated performance management and appraisal systems. Reporting to, and in his absence deputising for, the Head of HR, you will control a dedicated team of HR professionals and have wide responsibilities including: designing, developing and introducing computerised management reporting and control systems; establishing appropriate policies and procedures covering all HR activities, as well as the day to day management of recruitment, training and management development. In addition, you will have the opportunity to establish a number of key initiatives, including graduate recruitment. Essential personal attributes are to be target and results orientated, computer literate, to enjoy working in a highly pressured environment and to be commercial. *Applications in strict confidence, quoting ref. HRM25365/FT, will be forwarded to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.*

Closing date for replies 6th May 1994. Shortlisted candidates will be notified by 16th May 1994

CJA
RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-583 3588 or 071-588 3576
Fax No. 071-256 8501

Senior position offering considerable autonomy in an organisation with a flat management structure

ASSET SECURITISATION/ STRUCTURED FINANCE

CJA

LONDON — **£40,000-£55,000 + BONUS**

GLOBAL INVESTMENT BANK

Our client has an established reputation in the international securitisation market and a strong record in closing diverse and complex structured transactions. To strengthen this active area at a senior level they *seek an individual with the experience to structure, market and close a wide range of transactions,* primarily in the UK and Europe but also on a global basis. The successful candidate will have 5-6 years' financial experience, with 2-3 years' experience in a relevant area, giving a good transaction record and a knowledge of European securitisation, corporate tax, accounting and legal issues and an understanding of capital market products and derivatives. The ability to market to clients at Board level, to negotiate on *pricing and to structure and complete transactions is essential. Initial remuneration is negotiable £40,000-*£55,000 + Bonus and full benefits package. **Applications in strict confidence under reference ASS4962/FT to the Managing Director, CJA.**

EXCEPTIONAL CAREER OPPORTUNITY

INVESTMENT ADVISOR

There is an immediate need for a qualified finance professional to fill the key position of Investment Advisor in the Treasury Department in the corporate headquarters in Riyadh. The successful candidate will join a completely integrated global petrochemical company producing and marketing petrochemicals, plastics, and fertilizer, with associated operations in energy-intensive metal processing.

THE POSITION

The successful candidate will assist senior management in managing the company's investment portfolio and investing excess cash resources and acting as a company wide resource on financial issues. He will play a high-profile role on the corporate management team, influencing financial decisions and strategic business plans.

THE REQUIREMENTS

- At least ten years of commercial or industrial experience gained in a medium to large industrial enterprise or an investment-banking concern.
- At least a Bachelor's Degree in Finance or Business Administration from a US/European university. MBA preferable.
- Good interpersonal and group process skills and the ability to communicate at all levels of management.
- An energetic, mature and positive individual with stature and credibility, with integrity, toughness of character and initiative.

THE OFFER

This unique opportunity offers the successful candidate an excellent, tax free remuneration package, including a generous basic salary and allowances for dependents education, housing, transportation, life and health insurance, home leave and relocation. Salary is commensurate with experience and qualifications.

WHAT TO DO

Please send detailed resume with a recent photograph to:
Director of Manpower and Training, Saudi Basic Industries Corporation, PO Box 5101, Riyadh 11422, Kingdom of Saudi Arabia

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Philip Wrigley on
071 873 3351

Emerging Markets

Syndicate Manager - US Investment Bank

To £60,000 London

Rare opportunity for talented syndicate manager to co-ordinate international equity placements of leading Investment Bank.

THE COMPANY
- Blue chip American Investment Bank with formidable worldwide network.
- London headquarters of Global Emerging Markets equity distribution.
- Impressive, increasing transaction flow and distribution capability.

THE POSITION
- Co-ordinate and distribute equity issues with particular emphasis on Far East.
- Key player in development of global distribution team.
- Top level liaison with syndications teams of leading city institutions. Create strong links across bank's network.

QUALIFICATIONS
- Experienced equity syndicate professional with leading investment house. Wide knowledge of equity capital markets products. Graduate preferred. Probably over 30 years old.
- Demonstrable record of success. Ambitious with proven selling skills.
- First class communicator. Committed, highly motivated, enthusiastic team player.

Please send full cv, stating salary, Ref N1510
NBS, 54 Jermyn Street, London SW1Y 6LX

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DUNEDIN
FUND MANAGERS LTD

Assistant Portfolio Manager

Dunedin Fund Managers Ltd

Excellent Package Edinburgh

New role in expanding private client department of highly regarded investment house.

THE COMPANY
- Dunedin Fund Managers is a successful, profitable and growing global investment management group.
- £4.5bn under management on behalf of wide range of institutional and private clients.
- Committed to further expansion and development of private client portfolio management services.

THE POSITION
- Assist in management, development and administration of client portfolios.
- Contribute to analysis and structure of investment proposals for clients.
- Run own portfolios independently in due course.

QUALIFICATIONS
- Graduate calibre, aged 25-35. Bright, numerate with good interpersonal skills.
- Probably IIMR or SI Dip with 2-3 years' investment experience.
- Excellent team player, enthusiastic, self motivated and discreet.

Please send full cv, stating salary, Ref EN1500
NBS, 18 Rutland Square, Edinburgh, EH1 2BH.

N B SELECTION LTD
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Providence Capitol

Providence Capitol is one of the fastest growing financial services groups in the U.K. Over the past seven years assets under management have grown tenfold and are now in excess of £1.8 billion.

Providence Capitol Portfolio Managers, the investment arm of the group, has a stable, committed team of investment professionals and has delivered superior investment performance for its clients over several years.

We wish to make a senior appointment of General Manager to head up day to day non portfolio management operations of the company. Reporting to you will be the administrative, research and compliance functions. In addition you will take responsibility for office and business management activities.

INVESTMENT GENERAL MANAGEMENT

You will need to be able to demonstrate a successful track record in a combination of administration, people management, and business management in a financial services environment.

We wish to add to our team of investment professionals an established and successful Global Managed Fund Portfolio Manager. You will have managed money with a global brief for at least three years and will have a wide knowledge of international markets.

PORTFOLIO MANAGEMENT

Each member of our team is self-motivated, energetic, committed to standards of investment excellence and ambitious for top fund performance for our clients.

Due to expansion of our activities to embrace hedge fund management we wish to recruit a Compliance Officer with specialist knowledge of IMRO and SFA regulatory regimes.

IMRO/SFA COMPLIANCE

You will already be performing the task of IMRO/SFA Compliance and be able to demonstrate mastery of the rulebooks, procedural and monitoring actitivies surrounding the function.

PROVIDENCE CAPITOL

We are offering a competitive remuneration package including a performance related bonus, company car and other fringe benefits.

To apply for any of the above positions please write, enclosing a full CV, to:
Kevin Carter, Group Investment Director, Providence Capitol Portfolio Managers Limited, 2 Bartley Way, Hook, Basingstoke, Hampshire RG27 9XA

MOODY'S INVESTORS SERVICE LTD

SENIOR ANALYSTS - STRUCTURED FINANCE GROUP

Moody's Investors Service, the global credit rating agency, has built a world-wide reputation for its credit analysis. Moody's provides investors with rating opinions on the relative creditworthiness of banks, governments, corporations and other entities.

The Structured Finance Group analyses the creditworthiness of debt obligations secured on financial assets. This includes cash flow, documentation and legal analysis.

Moody's London office is currently recruiting two senior analysts to fill postitions created by its continuing international expansion. These senior appointments have individual accountability. The position involves liaising with issuers, carrying out detailed analysis of asset-backed and other structured transactions in order to identify and quantify the risk of the collateral and structure, and producing analytical reports for publication.

Ideal candidates would have a minimum of 4 years direct experience of asset-backed securitisation.

Please reply in writing to Lesley Smith, Moody's Investors Service Ltd,

51 Eastcheap, London EC3M 1LB

MOODY'S INVESTORS SERVICE LTD

Moody's Investors Service, the global credit rating agency, has built a world-wide reputation for its credit analysis. Moody's provides investors with rating opinions on the relative creditworthiness of banks, governments, corporations and other entities. Moody's international Financial Institutions Group analyses the creditworthiness of banks, bank financing obligations and deposit obligations.

Moody's London office is currently recruiting three European nationals to fill new posts created by its continuing international expansion.

SENIOR ANALYSTS(2) - FINANCIAL INSTITUTIONS GROUP

The position involves analysing and managing a portfolio of Eastern European bank credits, producing research reports for publication, carrying out in-depth financial and bank system analysis, and managing investors' inquiries.

Candidates should have a minimum of 6 years direct experience in bank analysis; a strong sovereign economic analysis background would be an advantage. Fluency in English and one or two Eastern European languages is a requirement.

RESEARCH ASSOCIATE - FINANCIAL INSTITUTIONS GROUP

This position provides support to the Financial Institutions Group, and involves undertaking detailed background research and quantitative analysis. Moody's is seeking a numerate graduate with an interest in financial markets, and at least one year of professional experience. PC skills, including knowledge of spreadsheets and databases, the ability to write macros in Excel or Lotus, and an Eastern European language are required.

Application, including either a curriculum vitae or standard application form, should be made in writing to Janet Unwin at the following address:

51 Eastcheap, London EC3M 1LB

SWITZERLAND

THE BANK FOR INTERNATIONAL SETTLEMENTS

an international institution located in Basle
with approximately 450 members of staff from 24 countries

has an opening for a

FIXED INCOME RESEARCH ANALYST

in the Treasury Division
of its Banking Department

The successful candidate will be aged between 22 and 28 with a university degree (ideally in mathematics, physics or statistics). Computer literacy (esp. Word/Excel) and fluency in spoken and written English are essential. Preference will be given to candidates with experience in financial models and databases.

The Bank offers attractive conditions of employment in an international atmosphere and excellent welfare benefits.

Recruitment will be on the basis of an initial two-year contract.

Candidates should send their application, together with a recent photograph and references, to the Personnel Section, Bank for International Settlements, 4002 Basle, Switzerland, quoting Reference No. 94190.

Marketing Strategy Consultants

I·F Consulting is a leading international Marketing Channel Strategy consulting firm. We are seeking outstanding professionals who can demonstrate a record of achievement within their chosen field.

Your work experience will be related to the management or establishment of one or more distribution channels with demonstrated success and increasing responsibility. You are likely to be employed as a management consultant or as channels manager, franchise manager, general manager or sales manager for a market leader in industries such as:

- Computers
- Office Products
- Building Products
- Automotive
- Retail
- FMCG

You will have an Honours degree in economics, marketing, commerce, law, engineering or a similar analytical discipline which may already be augmented with an M.B.A.

Your written and verbal expression must be outstanding and you *must be competent in financial analysis. A second European language would be advantageous.*

If you fit our requirements and have the integrity, drive and interpersonal skills to succeed in a vigorous firm, send your written application to David Archer, Managing Director.

I-F Consulting
James House, 1 Babmaes Street
St. James's, London SW1Y 6HD
Telephone: 44-71-925-2616
Facsimile: 44-71-925-2636

London ☐ Milan ☐ Melbourne ☐ Johannesburg

O'Neill Associates

RECRUITMENT CONSULTANT - HONG KONG

O'Neill Associates is a recently established Hong Kong-based recruitment consultancy, specialising in the financial derivatives industry in the Asia-Pacific region. We are a strongly client-focused firm, and now seek another professional to join us as our business expands.

You will ideally have a minimum of 5 years experience in recruitment, preferably gained in the financial services arena. Part of your experience may have been gained by working in the financial markets yourself. Your communication skills will be excellent, and you will be actively involved in developing relationships, both with our existing client base, and with new clients throughout this diverse region. Probably qualified to tertiary level, your professionalism will earn you the trust of clients and candidates alike, in keeping with the sensitive nature of the business.

This is an exciting opportunity to join an expanding business in the world's fastest-growing economic region. Please apply in confidence by phone to Harry O'Neill on (852) 536-0100, or in writing either by fax to (852) 537-1011 or to the address below.

O'Neill Associates Limited
Suite 1513, Prince's Building, 10 Chater Road, Central, Hong Kong
Telephone: (852) 536 0100 Fax: (852) 537 1011

BUSINESS ANALYST

London

Lovell White Durrant is a leading international law firm based in the City of London providing a broad range of corporate services to UK and foreign-owned multinationals. The marketing of our services is a demanding and rapidly developing field. The role of Business Analyst offers a real opportunity to make a substantial impact on the business.

As a member of the marketing team in this stimulating and varied position you will be responsible for presenting up to date and comprehensive information and analysis regarding current and potential clients, including recent press comment, financial results and economic and political factors which may affect their business levels. This analysis will be used as an invaluable tool in supporting our day to day marketing efforts and strategic planning.

The successful candidate will need to be committed and flexible in order to fulfil this intellectually challenging role. Having graduated in economics, finance or a similar field, you will have three to four years' work experience in a City or consultancy environment. You will have strong organisational skills, an ability to work autonomously and possess good communication skills, both written and oral. A sound understanding of finance and a genuine interest in business issues, along with a diplomatic personality, are essential. An MBA qualification would be an advantage.

The excellent salary and benefits package includes Profit-Related Pay and private medical insurance.

If you are interested in applying for this vacancy please write, enclosing a CV and indicating your salary expectations, to Jean Young, Personnel Manager, Lovell White Durrant, 65 Holborn Viaduct, London EC1A 2DY.

Closing date for applications: 5th May 1994.

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APPOINTMENTS ADVERTISING

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For further information please call:

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Our client is seeking a graduate Economist (ideally with a post-graduate qualification) who has at least four years' relevant research and analysis experience with an investment management concern. However, if you have the right blend of personality and commercial acumen our client will consider a background in other sectors.

You will be encouraged to develop and propose new strategic approaches, convince Fund Managers of the worth of these initiatives and so add value to the business. Strong influencing, communication and presentation skills are therefore essential.

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Please write, with your cv, stating any company to which your application should not be sent, to: Alastair Lyon, Confidential Reply Handling Service, Ref: 871. Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

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N E W T O N

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The ideal candidate is likely to be a graduate working in a similar position within the investment management industry or with an adviser to pension fund trustees. The specific skills and experience we are seeking are:

- the confidence to deal at the highest levels
- excellent communication and presentation skills
- proven organisational and administrative ability
- broad knowledge of financial markets

If you are interested in this position, please write enclosing a full curriculum vitae and stating your current salary, to:

Colin D Campbell, Personnel Director, Newton Investment Management Limited, 71 Queen Victoria Street, London EC4V 4DR

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The successful applicant who will have excellent verbal and written communication skills along with the poise and ability to communicate with staff and clients at all levels, will be:

- Experienced in the custody industry with emphasis on portfolio servicing including:
  - – Corporate actions and income processing and reporting.
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The position offers excellent career potential within the firm's international network. In addition to a basic salary the package will include a performance related bonus and the full range of benefits.

Interested candidates should write to our consultant, George Corbett, enclosing a full Curriculum Vitae, at BBM Associates Ltd., 76 Watling Street, London EC4M 9BJ. All applications will be treated in the strictest confidence.

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Established in 1985, Lazard Brothers' Asset Trading Department trades the discounted government and public sector debt of lesser developed countries ("LDCs"). The execution of trades are handled by a team of documentation specialists, supported by an administrative group.

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You will have at least one year's experience on the documentation/closing staff of a major player in the London LDC Market and ideally a legal qualification or background. Confidence, numeracy and articulateness will be key attributes, together with good time management skills and the ability to work autonomously from day one.

If you are interested in joining us and meet our criteria, please send your curriculum vitae, including present remuneration details and contact telephone numbers, for receipt by Wednesday 18 May to:

Sarah Barber
Personnel Department
Lazard Brothers & Co., Limited
21 Moorfields, London EC2P 2HT

THE EUROPEAN

The European, the international weekly newspaper, seeks applications for the following posts:

ECONOMICS EDITOR

The successful applicant will have proven experience of covering European and international economic affairs. This key appointment will suit a senior journalist or an economist with proven writing skills. Responsibilities will include editing a weekly two-page economics section, writing for all departments of the newspaper and expanding The European's coverage of economics.

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The successful applicants will have wide experience of covering European business, finance and economic affairs, gained on national newspapers or an international wire agency. These are challenging roles for ambitious writers who will be able to contribute to all departments of the newspaper.

For all the above appointments command of at least one language other than English would be an advantage.

Please apply in writing enclosing a full CV to:

Herbert Pearson, Editor, The European Ltd., 5 New Fetter Lane, London EC4A 1AP.

The European will be moving shortly to the ITN building at 200 Grays Inn Road, Holborn, London where the above positions will be based.

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This is a new post calling for a professional with a successful career record in international economics with a capital I! Your brief will be wide ranging across the Group and will include the assessment and evaluation of influences that historic economic factors have on our client's market place. With the ability to analyse cause and predict effect of current and future political, economic and competitive issues on market performance.

We expect you to be strongly creative too … by identifying emerging global and UK trends which present the Group with new product opportunities or enable them to deal with potential threats; by recommending any course of action that will influence and enhance the Group's corporate plan.

An initial priority will be to identify, gain acceptance for and implement any new systems development capable of improving the accuracy and timeliness of predictions and reporting procedures.

The benefits package reflects the strategic importance of this position and includes generous holiday concessions, together with contributory health care and pension scheme.

Please write in confidence enclosing your cv to: Recruitment Division, GSBA, 31 St Leonards Road, Eastbourne, East Sussex BN21 4SE, marking the envelope 'Post No. 6180'.

Closing date: Wednesday 4th May

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CJA RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP
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For this vacancy, caused by expansion, we invite applications from graduates, aged 28-35, with a minimum of 6 years' banking experience, including credit, and most recently 2-3 years in Project Finance with an institution noted for its proven track record in this area. As the selected candidate, you will be part of a small, highly successful and professional team, working on an extensive range of projects in fields such as energy, infrastructure etc. Essential qualities are the ability to put together sound and creative project finance arrangements and to be able to communicate effectively at all levels.

Applications in strict confidence, quoting ref. MPF25364/FT, will be forwarded to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

Closing date for replies 6th May 1994. Shortlisted candidates will be notified by 16th May 1994

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هكذا من الاصل

SIB

Complaints Officer
Supervision

The Supervision Division within the Securities and Investments Board (SIB) aims to ensure that the Recognised Bodies (RBs) provide a high standard of investor protection. SIB wishes to appoint a Complaints Officer who will be responsible for handling all complaints received by SIB about the RBs or their member firms.

Reporting directly to the Head of Supervision the role will include:

- Handling and dealing with all correspondence.
- Informing and liaising with the relevant department within Supervision.
- Forwarding complaints against firms to the relevant RBs; liaising with them on follow up issues.
- Preparing reports for the Head of Supervision on the number/types of complaints handled; and on the trends or issues arising which raise supervision or policy issues.
- Handling complaints against RBs with the advise of the relevant department.

Applicants should be degree educated with excellent analytical and communication skills. Some regulatory experience would be preferable, as would investigative abilities.

Tactfulness and diplomacy will be essential in dealing with both complainants and RBs. Above all the successful applicant must be able to work independently and deal with many issues at the same time.

Interested applicants should contact Anna Williams for an information pack at Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH, or alternatively telephone her on 071 831 2000.

Closing date 29th April, 1994.

MP

Michael Page City

International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

SIB

IMRO Supervision

The IMRO Supervision department within the Securities and Investments Board (SIB) is responsible for ensuring that IMRO provides a high standard of regulation and investor protection. They wish to recruit a senior team member to join a project team examining certain aspects of IMRO activities.

Specifically the brief will be to conduct projects which develop an in-depth understanding of IMRO – the organisation, its regulatory philosophy, procedures and practices and to assist IMRO in improving its standards.

It will also include promoting relationships with staff at IMRO (including liaison with all levels of IMRO staff) and assisting the Project Leader in determining ideas and priorities for future projects, exchanging information about SRO standards with other SIB staff, and keeping the department informed about developments within IMRO.

Applicants are likely to be degree educated and will have at least five years post qualification experience of the fund management sector. They may be currently in an internal audit or compliance role.

Likewise, excellent communications skills are a key element of this role. Business skills including the use of analytical techniques, the ability to document systems and project management would be useful. Personal attributes include confidence, maturity, clear mindedness and the desire to be a team player.

Interested applicants should in the first instance contact Anna Williams, for an information pack at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Telephone 071 831 2000. Closing date 5th May 1994.

MP

Michael Page City

International Recruitment Consultants
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We require formally trained credit analysts and risk analysts aged 25-35. You must be a graduate with formal credit training. Our bank clients are all top tier American and European institutions requiring quality analysis of banks and/or corporates domiciled in Northern/Southern Europe, Scandinavia, Middle East and Africa. Please send your c.v detailing your experience to date including the nature of work undertaken, ie. bank, NBFI, corporate analysis together with details of product units supported. Language skills required include French, German, Italian, Spanish and Scandinavian.

Please send c.vs to Ron Bradley

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

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The ideal candidate will be a graduate with a minimum of three years' relevant fund management experience and should possess good presentation and communication skills.

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Box B2392, Financial Times,
One Southwark Bridge, London SE1 9HL

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Suitably experienced Structured Financier sought by a major City based International Bank with a view to expanding its involvement in structured type transactions. Appropriate candidates would be well versed in risk analysis, cashflow modelling and secured lending principles allied with strong marketing skills. Regular foreign travel will be required.

Assistant Portfolio Manager
£30 - 35,000

Premier Investment Management company seeks an experienced (at least two years) Assistant Fund Manager. Reporting directly to the Chairman, the role involves assisting in the management of the bond funds and selective client portfolios. Applicants need to be degree educated with both bonds and equities experience. Excellent opportunity in a prestigious role.

UK Marketing Officer
c£35,000

Several years' experience of marketing all commercial banking products to large (Top 250) UK Corporates, coupled with a Credit background are required by this International Bank, for an Assistant Manager position. The successful candidate aged 25-35, will be responsible for an active portfolio of clients.

Manager, Client Services
to £28,000

Blue Chip Investment Bank currently seeks a degree educated individual aged 24-30 with 2-3 years' similar experience from an Investment Management or Stockbroking background. The successful candidate will be required to co-ordinate and manage client services for all Structured Equities accounts. Strong communication skills and a confident manner are essential requirements.

Joslin Rowe Associates Ltd Bell Court House 11 Blomfield Street London EC2M 7AY
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S-E Banken Fonder AB

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S-E-Banken Fonder, the asset management subsidiary of the S-E-Banken Group has global funds under management in excess of US$ 6 billion and offers a full spectrum of investment products for institutional and retail clients in all of the major financial markets.

The London Branch of S-E-Banken Fonder is currently seeking to appoint an ambitious investment professional to assist in the management of the Emerging Markets equity portfolios. This person will be part of a larger Emerging Markets team.

Applicants should have 2-4 years experience as an equity analyst or in a research role within an equity broking or fund management organisation. They should be computer literate and have good written and oral communication skills.

A competitive salary with bonus scheme is offered together with an attractive benefits package.

Please apply in writing enclosing your CV to:

Jocelyn Curtis
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Scandinavian House
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OIL TRADING COMPANY
is seeking a
FINANCE EXECUTIVE

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QUALIFICATIONS
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Please send full CV, stating salary to:
Box A2012, Financial Times One Southwark Bridge, London SE1 9HL

GRADUATE - TRAINEE TRADER

A large international bank in London is looking for a trading assistant/trainee trader to join its growing derivatives trading group. The working environment is fast-paced and challenging. The candidate would have a university degree (preferably in engineering, science or maths), be a self-starter, and would be prepared to start as soon as possible. This position offers potential for the right candidate to progress and achieve greater responsibility within the trading group.

Write to: *Box A2007, Financial Times, One Southwark Bridge, London SE1 9HL*

Republic of Lebanon Council for Development and Reconstruction

VACANCIES ANNOUNCEMENT

The Council for Development and Reconstruction (CDR) needs to expand its team of professionals and is currently looking for planners, economists, engineers, architects, financial and accounting experts, computer specialists, lawyers, and personnel managers. Candidates wishing to join CDR should be Lebanese nationals for more than 10 years, be fully proficient in written, read and spoken Arabic and English and/or French languages, and possess an academic and professional profile compatible with the required specialties.

Typical qualifications and relevant experience requirements for the various vacancies are summarized below. CDR employment conditions allow in certain cases for academic qualifications slightly lower than required to be offset by longer relevant experience.

Interested candidates are required to fill out a standard CDR application form which they may collect at CDR Headquarters: Tallet -al- Serail, Central Beirut, (tel: 01-643980-3) or receive by fax (CDR fax Nos: 961-1-864494 or 1-212-4781622). Candidates must specify the reference number of the post they are interested in, and the job summary together with relevant information and instructions will be supplied with the application form.

All application forms duly filled out must be received at CDR Headquarters not later than May 31, 1994. Receipt of the forms will not be acknowledged by CDR. An initial short list of candidates will be compiled by CDR after careful examination of all applications. Short-listed candidates will then be contacted for a formal interview in Beirut, after which the final selection will be made.

LIST OF VACANT POSTS

Post	Ref. No.	Required degree (or equivalent)	Minimum years of relevant experience
Technical Advisor	PO1	Master engineering	10 years incl. 7 in preparing/ reviewing technical specs. & tender documents for works and consultancy contracts
First Document Systems Specialist	PO2	Bachelor business administration (major: information systems)	6 years incl. 3 in computer systems management
Deputy Head of Planning Division	PL1	PhD economics (major : macroeconomics incl. econometrics)	9 years incl. 3 in managerial experience
Senior Macroeconomist	PL2	PhD economics (major : macroeconomics incl. econometrics)	7 years
Senior Sectoral Planning Economist	PL3	PhD in economics or business administration	7 years incl. 5 in project planning, management & monitoring
Senior Regional Planning Engineer	PL4	Master engineering management (MEM), or Master civil engineering (major:urban and/or regional/subnational planning)	8 years
Senior Financial Planning Specialist	PL5	PhD economics or public administration (major: public finance and/or financial planning)	7 years
Senior Sectoral Planning Economist	PL6	Master economics (major: macroeconomics incl. econometrics)	7 years
Senior Transport Planning Economist	PL7	Master economics	7 years transport economics & planning
Senior Transport Planning Engineer	PL8	Bachelor civil engineer	7 years transport engineering & planning
Senior Education Planning Specialist	PL9	Master education or educational administration	7 years educ. sector, mainly techn./vocat. educ. & training
Senior Education Planning Specialist	PL10	Master education or educational administration	7 years educ. sector, mainly university/higher education
Senior Public Health Planning Specialist	PL11	Master public health	7 years health sector, public health planning & management
First Development Planning Economist	PL12	Master economics (major: development planning)	2 years sector economics & development planning
First Regional Planning Economist	PL13	Master economics (major: urban economics and/or regional/subnational planning)	2 years regional/subnational planning & land use management
First Planning Engineer	PL14	Bachelor civil engineering	2 years planning infrastructure projects
First Education Planning Specialist	PL15	Master education or educational administration	2 years educ. sector, mainly techn./vocat. educ. & training
Senior Architect	PM1	Bachelor architecture	7 years incl. 3 in senior capacity
Senior Sanitary Engineer	PM2	Bachelor sanitary engineering, or Bachelor civil engineering (major: water, waste water & environment)	7 years incl. 3 in senior capacity
Senior Irrigation Engineer	PM3	Bachelor irrigation engineering, or Bachelor civil engineering (major: soils, irrigation & mechanisation)	7 years incl. 3 in senior capacity
Senior Environmental Engineer	PM4	Bachelor environmental engineering, or Bachelor civil engineering (major: environmental & pollution control)	7 years incl. 3 in senior capacity
Senior Engineer	PM5	Bachelor civil engineering (major: transport)	7 years incl. 3 in senior capacity
Senior Engineer	PM6	Bachelor civil engineering (major: transport)	7 years roads and infrastructure projects, incl. 3 in senior capacity
Senior Engineer	PM7	Bachelor civil engineering, or Bachelor in architecture (major: technical subjects)	7 years buildings, housing & hospitals, incl. 3 in senior capacity
Senior Mechanical Engineer	PM8	Bachelor mechanical engineering	7 years transport & airport sector, incl. 3 in senior capacity
Senior Electrical Engineer	PM9	Bachelor electrical engineering	7 years transport & airport sector, incl. 3 in senior capacity
Senior Electrical Engineer	PM10	Bachelor electrical engineering	7 years power sector, incl. 3 in senior capacity
Senior Telecommunications Engineer	PM11	Bachelor engineering (major: computer & communications)	7 years telecoms sector, incl. 3 in senior capacity
First Architect	PM12	Bachelor architecture	2 years
First Engineer (2 posts)	PM13 and PM14	Bachelor civil engineering (major: transport)	2 years
First Engineer	PM15	Bachelor civil engineering (major: structural engineering)	2 years in buildings construction & public works
First Specialist (Technical Reporter)	PM16	Bachelor business administration, or Bachelor engineering	2 years + proficiency in technical English/French
First Coordination Engineer (8 posts)	PM17 to PM24	Bachelor civil engineering	2 years construction infrastructure services
Deputy Head of Finance Division	FD1	Qualified accountant (CPA, CA or ACCA)	11 years incl. international experience
Information Technology Manager	IT1	PhD relevant subject	8 years information systems management
First Hardware Support Specialist	IT2	Technical degree (TS) hardware technologies	6 years computer hardware support
First PC Network Specialist	IT3	Bachelor engineering (major: computer & communications)	2 years computer network administration
First Analyst/Programmer (3 posts)	IT4 to IT6	Bachelor engineering (major: computer & communications)	2 years systems analysis & programming
Legal Advisor	AD1	PhD law	10 years incl. 7 in construction & supply contracts
Senior Legal Specialist	AD2	Master law	7 years
First Personnel Affairs Specialist (2 posts)	AD3 and AD4	Bachelor public administration	6 years personnel affairs management
Personnel Accountant	AD5	Bachelor business adm., or technical degree (TS) accounting	-

Note: All applicants for posts No. PO1, PL4, PL8, PL14, PM1 through PM24, and IT3 through IT6, must be members of the Lebanese Syndicate of Engineers (or equivalent for expatriates).

Exhibition Sales and Management

Due to a rapid expansion in business, Euromoney EXPOs are looking to add to their sales team in Europe and Asia. There are three sales positions in London and two in Singapore. All require a good working knowledge of the financial markets, computer literacy and an ability to sell to the most senior levels of management in major corporations and financial institutions.

Candidates will travel extensively and will have designated project responsibilities with their own exhibition in a major financial centre. Remuneration will include a basic salary and a generous commission structure. Previous exhibition experience is not required.

In London, we require one French, one Spanish and one Italian speaker. In Singapore, we require salespeople to work with confidence in the ASEAN countries, China, Hong Kong, Taiwan and Korea. One of the latter will be a senior position with management responsibilities for the regional head office and our present Tokyo and Sydney offices.
Please reply, in writing, in the strictest confidence to:

London/ Singapore

Veronica Lekavicius
Euromoney EXPOs
Times House,
Station Approach,
Ruislip
Middlesex HA4 8NB.

Euromoney EXPOs

Investor Relations Executive

London-based investor relations firm is seeking to add an experienced executive to serve its growing client base.

Requirements:

- University degree
- UK citizenship or approved work permit status
- Prior work experience in related fields including financial analysis, fund management and investment research with client responsibility
- Excellent communications skills, including report writing
- Demonstrated marketing skills
- Willingness to travel and to work long hours, when required, sometimes under stress
- Flexibility to deal with unexpected problems and requirements
- Confidence in dealing with senior officers of major corporations

Conversational knowledge of German and French helpful, but not essential.

Proficiency in word processing and spread sheets highly desirable.

Salary negotiable, depending on experience.

This firm operates a no smoking policy.

Write to: Box A2010, Financial Times, One Southwark Bridge, London SE1 9HL

SPOT F.X. £70,000
We are seeking experienced Spot dealers on behalf of several British, U.S. and Japanese banks. Positions are available for enthusiastic team players in Cable,$/DEM, $/JPY & EMS Crosses. Candidates aged 24-32 will have spent at least 3 years trading at an active bank, with a steady record of profitability to date.

CURRENCY OPTIONS. £50,000
First class International bank seeks a self-motivated individual to develop its marketing strategy and stimulate trading activity in Currency Options. The incumbent will have established good relationships with professional counterparties within the Derivatives market. Graduates with a minimum of 2 years OTC experience are preferred. Familiarity with Fenics pricing system & knowledge of spreadsheet will be necessary.

CORPORATE F.X. £40,000
Prime U.S. bank wishes to appoint a senior customer dealer aged 25 to 35 with a thorough knowledge of all Treasury products. Responsibilities will include marketing and quoting F.X. & Money Market prices to corporate clients. Ability to interpret current economic & political information and to advise customers on market trends is essential. Fluency in another European language would be advantageous.

SWAPS £45,000
Due to expansion of its Derivatives area a triple A rated European bank seeks an Interest Rate Swaps specialist with 3 years trading experience. The successful candidate, aged between 25 & 30, will be comfortable dealing in medium term maturities. Language skills would be appreciated.

FOREX Selection
Treasury Recruitment

Please call Jane Hampton or write in confidence quoting ref: JH1399.
Tel: 071-369 0369.
36 Cornhill,
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Reuters Page LOLO

APPOINTMENTS ADVERTISING
Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

ITN

ECONOMICS & BUSINESS EDITOR

ITN has decided to expand its coverage of Economics and Business and is looking for an Editor to broadcast on these subjects with knowledge and authority.
The successful applicant will have a recognised track record of experience, knowledge and influence. They will have the ability to broadcast in a lively and authoritative manner in our programmes on ITV.
We will consider applications from professional economists with broadcasting experience and journalists with lengthy experience in business and economic affairs. This is an opportunity to join ITN's award-winning team in a senior, high-profile role.

Candidates should apply in writing with a full CV quoting reference ITV 94/01 to Jenny Greer, ITN Ltd, 200 Gray's Inn Road, London WC1X 8XZ.
Closing date: 4th May
ITN is an equal opportunities employer.

CRANFIELD MANAGEMENT DEVELOPMENT LIMITED

Director of the Management Development Unit

Executive Education aimed at senior and middle management is a vital and dramatically expanding activity within Cranfield School of Management. We are seeking *a senior management development specialist* to direct and further develop the Management Development Unit which markets and delivers both tailored and open *General Management Programmes.*

The successful applicant will enhance and develop these General Management Programmes by creating and managing relationships with organisations within the UK and overseas. He/she will work in close liaison with the academic subject groups within the Faculty.

As well as comprehensive knowledge of practice in management development, applicants should be able to show evidence of excellent marketing and presentational ability, consulting skills and the capacity to manage the internal structure. International experience would be a considerable advantage.

An appropriate salary and a Company Car will be provided.

For further details of this appointment please telephone Linda Neal, Personnel Administrator, Cranfield School of Management on + 44 (0) 234 751122.

PROPRIETARY TRADER - LONDON BASED

Major US Investment Bank with a strong and expanding presence within European Fixed Income markets is seeking applications from candidates to join its Proprietary Trading team.

Candidates should have a strong quantitative/mathematical background, be computer literate with a technical trading bias. Experience in Forex markets would be an advantage. The candidate should have a proven track record within the European Fixed Income environment.

The position offers a technically progressive trading environment that attracts and cultivates an entrepreneurial spirit.

If you are interested please write, indicating your salary requirements, to:

Box A2005, Financial Times,
One Southwark Bridge, London SE1 9HL

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Gerald Limited, London member firm of The Gerald Group, is seeking applicants for a management position in the commodity brokerage and trading business.

The FX Settlements Manager will be responsible for the foreign exchange and bullion settlements department operating on a 24 hour basis from London and New York. Applicants should have five years' settlements experience with physical FX and IMM, Bullion and Options and some accounting knowledge. Computer skills are essential (FX Settlements systems and Windows packages) together with the aptitude to develop such systems.

Probably from a commodities or banking background, the successful applicant will be a team-worker with a hands-on approach who possesses effective communication skills and seeks a challenging role in a meritocratic environment.

Please submit c.v. and covering letter to:

Nikki Vernon Browne, Personnel Manager, Gerald Limited, Europe House, St Katherine by the Tower, London E1 9AA

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To apply please write with a full CV to:

Laurence Little, The Toyo Trust & Banking Co. Ltd.,
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LETTERS OF CREDIT SPECIALIST

As an international trading company we are seeking a specialist in letters of credit to strengthen our operations/financial department in our London office. The candidate must have a minimum of three years experience in the opening and negotiating of letters of credit for various commodities and in monitoring bank payments/receivables.

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If you have the skills and expertise required and are motivated by the inherent challenges on offer, please call Tina Spong at the Varsity Recruitment Centre on 0932 828528.

Office hours: 8.30am - 7.00pm until 26th April and thereafter 9.00am - 5.30pm, Sunday 24th April: 10.30am - 2.00pm.
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Outstanding ACA

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The opportunity will appeal to a high calibre graduate ACA with a proven track record in a 'Big 6' public practice firm. Applicants may already have made an initial move into commerce. Either background must have produced prior in-depth experience of working within an international service orientated organisation. Strong academic and technical skills are prerequisites, as is the ability to liaise with professionals at the most senior levels and the self-confidence to work with minimum supervision on complex international projects. Due to the continuing success our client is experiencing, the successful applicant's future may lie in an international role arising from either organic or acquisitive growth.

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An FCA with an operational perspective, you will have vision and expertise to fully capitalise on recent IT investment. You must also have the robustness and confidence to add value to a team already noted for its management skills.

Your experience must include direct involvement in all the key areas described above. It is therefore probable that you already have 3–5 years experience at F.D. or Controller level in an industrial plc. A second European language would be valued.

The package, as indicated, includes executive car, pension, life assurance, share options and full relocation support if necessary.

Please send your career details, current salary and an explanation of how your career to date provides evidence of your ability to meet the demanding specification to: I R Day, Barnes Kavelle Limited, Cavendish House, Queen Street, Mirfield, West Yorkshire WF14 8AH quoting reference: 7022.

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ACCOUNTANCY COLUMN

Britain: an audit society in the making

Andrew Jack considers a critique of an over-dominant approach

People who spend too much time trying to measure the volume of smoke end up being consumed by the flames that cause it. Those who gaze too intently at columns of detailed figures lose sight of the wider issues at stake in the organisation they are examining.

Since the early 1980s, accountants have achieved a new position in British society more dominant than ever before, applying their skills more widely and, in particular, disseminating in all directions one of their most powerful tools: the audit.

From the fairly narrow application of traditional financial auditing, the notion has spread into an ever increasing number of areas in contemporary society.

There are: environmental, value for money, data, medical, stress and democracy audits.

Entities such as the National Audit Office, the Audit Commission and the European Court of Auditors have all helped to expand the role of auditors. Even after the boom of the late 1980s, about 8 per cent of all university graduates are still being swallowed by the traineeships offered by accounting firms. Britain has become an "audit society".

This "audit explosion" is the subject of an important new booklet published today by Demos, the independent think-tank, and written by Michael Power, an academic at the London School of Economics*.

Ironically, most other professions – such as teaching, medicine and more recently law – have come under attack and have been forced to change and become more accountable in the last decade.

Yet accountants – who are often held in lower esteem than other occupations – have escaped virtually unscathed. They have received little extra scrutiny, yet all the while their power, influence and income has grown substantially thanks to audit in its widest sense.

"Audit processes have been implicated in the new market culture," says Power. "There is enormous blind faith in their benefits. What's really been going on is a massive experiment. It's time to take stock."

In his booklet, he warns that auditing has firmly seized the public imagination and has had a tendency to shift notions of control and accountability from what he calls "Style B" to "Style A".

Style B involves qualitative, multiple measures, local methods, autonomy, high levels of trust and "real time" control. Style A is quantitative, more focused on a single measure, using external agencies, long distant methods, private experts, and involves little trust.

Its approach has become so entrenched and powerful that it is difficult to find an audience for an alternative view.

Power sketches out a number of arguments. He says that auditing has involved the spread of a distinct mentality of administrative control, a pervasive logic in which organisations and individuals increasingly come to regard themselves as subjects of audit.

While the word audit is used very loosely in many different contexts, he suggests that there is a common thread. It relies on bureaucratic procedures which can be used for independent verification. The documents created by these processes can then be applied outside their original context.

Audit is often seen as a series of uninteresting technical and operational practices, but it is also an idea – and one that reflects a certain approach to values and control. He argues that it reflects a shift in concepts of administration and governance, at a time when society has moved from being primarily industrial to being increasingly conscious of the production of risks.

The growing dominance of auditing reflects a period when government has withdrawn from the direct provision of services to take on instead a regulatory or supervisory role. The consequence has been a shift in the role of the state from debating broader values towards focusing on more abstract financial and quantitative issues.

Power argues that auditing is focused not on primary activities – such as quality – but on other systems of control, such as the mechanisms an organisation has in place to maintain quality. As a result, they provide a more remote level of assurance than many people imagine. It also focuses excessive energy into an abstract "economy of compliance".

He says that auditing may be driven by demands for greater transparency, but ends up making organisations more obscure. Even when there is extensive public disclosure, it can simply pacify rather than encourage further inquiry.

It displaces trust from operatives within organisations and on to auditors. It may in fact spread the distrust it was meant to address, while failing to give power to those it was intended to serve.

Power also flags up a "remarkable" capacity of audits to be invulnerable to their own failure. For example, the collapse of the Bank of Credit and Commerce International and the Maxwell empire were "particularised". They led to calls for more and better auditing through more detailed rules designed to respond to the particular events. They did not trigger a more general analysis into the limitations of auditing itself.

The consequence of all these trends is that there has been growing focus on a narrow set of measurable and controllable factors which represent only a very limited perspective on accountability.

"Efficiency is about measuring outputs compared to inputs," says Power. "But what counts as outputs? In so many areas they are difficult to measure, but the tendency is to drift towards a few simple ones. I think we need multiple measures."

Audit has become a dominant influence with little scrutiny, and scant discussion on the unintended side effects such as executive stress, a breakdown in trust and organisational loyalty and a risk that it may be addressing the wrong issues.

However, he suggests that audit may well be a passing phase like so many other fashions in management thinking even though at present it seems to be the "natural" solution to problems.

One of the strengths of Power's analysis – and one that makes it stand out from the work of some of his rivals in the small group of social scientists and theorists who have explored auditing – is that he does not start from a negative or nihilistic standpoint towards accountants and their firms.

"I am not interested in conspiracy theories," he says. "Accountants can't be blamed for seeking new opportunities, though I do have questions about the absorption of the nation's brightest and best graduates into the audit process."

More generally, his study represents a rare attempt to stand back and question the very notion of auditing and the place it has assumed in society.

The price is that anyone reading the booklet has to be prepared to wade through some fairly abstract and theoretical notions often divorced from specific examples.

Frustratingly, there is relatively little discussion of alternatives. Power calls for the need to consider a broader range of approaches such as public access to organisations, and whistleblowing. He says he wants to re-establish trust and focus on internal rather than external measures of accountability. But he devotes little space to developing these alternative models.

Equally fundamental, he does little to explicitly explore whether and how accountability and control themselves are desirable objectives.

As the starting point for a wider debate, it certainly deserves a wide audience.

* *Michael Power. The Audit Explosion. Demos, 9 Bridewell Place, London EC4V 6AP. £5.95*

This client, a substantial and very successful UK plc, is a high technology manufacturer with extensive overseas manufacturing facilities, whose research, manufacturing and marketing skills make it a world leader in a number of expanding international markets. Controls, instituted and maintained by a high calibre finance team, are a significant factor in this leadership.

Major developments in a large business sector have led to a series of promotions of finance staff creating a number of vacancies at the corporate centre in Central London.

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It is a feature of the Group that it presents special technical challenges to the accountant which will keep the most technically able individuals stimulated. The Group Reporting Manager is in charge of a team of 3 and is responsible for planning resourcing and executing the Group's half year and full year financial results; monthly management data for the Board and top management; budgeting and forecasting. Applicants must be proven managers used to meeting tight deadlines, with up to date knowledge of current accounting standards and very good computer systems skills. Ref: L552/F

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Group Treasury has a major influence on Group performance and is a substantial department with a wide range of skills. A versatile, alert graduate accountant/MBA is required to bring creativity as well as application to a range of duties which include hedging techniques, FOREX and money market management, analysis of *internal capital structures* and the development and maintenance of treasury information systems. Intellectual ability and a very successful academic/career record are more important than depth of treasury experience. Ref: L554/F

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Primarily responsible for UK corporate tax issues and compliance, the job holder will be required to take the lead in liaising closely with divisional finance directors and controllers. There is also responsibility for personal tax issues including advice relating to UK expatriate staff and foreign employees working in the UK. There will be opportunities to make an input on international tax planning issues. Applicants should be ACA/ACCA/ATII/ATT qualified and have good computer skills, preferably with some experience of Taxsoft. A sound basic knowledge of UK corporation tax law and practice and income tax regulations (particularly employee benefits) is the minimum requirement. Ref: L555/F

Assistant Group Accountant

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One of the team reporting to the Group Reporting Manager, the Assistant Group Accountant *will share responsibility for the work* of the department and gain a valuable overview of the Group's businesses and technical issues in the process. In addition the Group Reporting team work with Group Data Management to maintain and develop the computer systems used by the department. Candidates should be graduate ACA's with at least 1 year's post qualification experience and a good knowledge of computer systems, including Lotus 123 or similar spread sheet packages. Ref: L553/F

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The Internal Audit Group is a young, *mobile team* which works worldwide either solo or in a team of two. The remit is to ensure that the *controls over corporate* assets are in place and functioning effectively and that the control environment and systems are monitored with intelligence and initiative. In addition there is a substantial workload of special projects, *typically assisting* with business problems, completing post audit reviews of capital projects and *addressing specific* technical accounting issues. Applicants *must* be graduate Chartered Accountants with at least 1 year's progressive post qualification experience who can accommodate approximately 40% absence *in the UK, the other* major developed countries and the Pacific whilst in this role. Ref: L556/F

The Group has an effective career development programme for finance staff and is diverse enough to provide a progressive career spanning the UK and overseas. For each position applicants should have the ability, *ambition* and drive to take advantage of the opportunities to establish a career in an international business.

Please reply in confidence quoting the relevant reference number to:

Brian H. Mason,
Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 071-240 7805.

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European Controller

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Our client, an autonomous division within a *highly successful $2bn International Group*, is a household name and a market leader in its field. The European Division is an important part of the group and aims to continue its impressive growth record of recent years.

As a key member of the management team, the European Controller will be expected to lead the further development of the finance function in its pursuit to achieve excellence. Significant emphasis will be placed on the ability of the candidate to co-ordinate the department, placing *emphasis on budgeting/forecasting* and consolidation of European results as well as contributing to the commercial management of the business, including treasury functions.

The successful candidate will be a qualified accountant, aged up to 45, who can demonstrate *a proven track record in a large company* environment. The company is going through a significant period of growth, therefore the ability to manage change will be a pre-requisite. Excellent communication skills, high levels of drive and well developed leadership qualities will also be essential. Interested applicants should forward a comprehensive curriculum vitae, indicating salary aspirations and quoting *reference 185752 to Paul Kinsey ACMA* or **Tony Gleeson BA CA, Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.**

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This demanding position requires a commercially aware qualified accountant, preferably with publishing experience, *who can demonstrate* a determined yet diplomatic approach. Aged 30-35 you will have good PC skills and the strength of character and enthusiasm necessary to thrive in a tough environment.

Interested applicants should send a full curriculum vitae indicating current salary to Nigel Milford, at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

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Financial Controller
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This young, dynamic and rapidly growing subsidiary of a major international plc is currently in the early stages of an ambitious strategy to build a significant presence in the UK market. The company assembles and supplies leading ranges of decorative wood products to multiple and independent retailers and has enjoyed spectacular success to date.

As a result of this, a need has now arisen to recruit a dynamic young Financial Controller to report to the Finance and Operations Director, taking full charge of the *establishment and maintenance of the UK's finance* function and deputising on operational issues. The Financial Controller will be expected to make a substantial and vigorous contribution to the commercial running of the business, reviewing mergers, acquisitions and strategic alliances. Key responsibilities will include:-

- taking control of UK and French reporting requirements, including statutory and *management* accounts, monthly board reporting, budgeting and analysis;
- managing the company's banking relationships and ensuring that taxation and treasury matters are dealt with efficiently, in a complex international group structure;
- maintaining rigorous financial control over all aspects of the company's operations;
- *managing a major systems development programme.*

Candidates should be graduate, qualified accountants, aged late 20s to early 30s, with at least four years of broad based commercial experience, covering both financial and management accounting. This experience should preferably have been gained in a complex and fast-moving international manufacturing business, at an operating company level. Some exposure to acquisitions, international taxation and treasury is desirable. Excellent communication skills, entrepreneurial flair and the highest degree of professionalism are all *important ingredients, and the successful candidate must* be a self-starter.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 279J on both letter and envelope, and including details of current remuneration.

GKRS

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West End

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Please apply directly to Laura Mosby at Robert Half, Walter House, 418 The Strand, London WC2R OPT. Telephone: 071-836 3545, or evenings on 0277 261433. Alternatively, fax your details on 071-836 4942.

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Applicants should be recently qualified graduate *Accountants with* first time passes at the professional examinations. Strong interpersonal skills combined with creativity and the ability to grasp concepts quickly are also essential. **Previous financial services experience is useful but not a prerequisite.**

As J.P. Morgan is a meritocracy where progress is dictated solely by your abilities, achievements and *personal ambitions*, exceptional career opportunities will exist throughout the bank.

In addition to excellent basic salaries, benefits will include a car allowance, mortgage subsidy and profit sharing bonus scheme.

For further information in strict confidence, please contact our advising consultants Brian Hamill or David Craig at Walker Hamill on 071-287 6285. Alternatively, forward a brief resumé, to 29-30 *Kingly Street, London W1R 5LB*, quoting reference BH 992.

JPMorgan

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Systems Development Accountant

International Leasing Group

to £38,000 + Fully Expensed Car + benefits **S.W. London**

Our client is one of the country's leading leasing companies and is a member of one of the UK's premier financial groups. As part of a continued process of structural change and systems enhancement they now require a Systems Development Accountant for their Computer Systems Group.

Reporting to the Project Manager this key position is heavily project orientated, interfacing extensively between the Finance Division, Project Team and External Suppliers.

Responsibilities will include:

- To plan and lead the design, development, and implementation of the Contract Accounting System.
- Provide expert advice on hire purchase, operating lease and finance lease transactions.
- *Deal with project issues from a business and systems development perspective.*

The ideal candidate will be a qualified accountant with at least 5 years PQE, encompassing a systems background. You will have led systems development projects and predominantly have leasing industry experience, displaying in depth knowledge of related financial products. The nature of the *position demands the individual to possess strong project* coordination and communication skills. It is essential this individual will express fresh ideas and show a high degree of initiative.

If you believe you have the required experience, business acumen and drive, then please write, enclosing your CV to the advising consultant, Jonathan Kidd, at Harvey Nash Plc, Dragon Court, 27-29 Macklin Street, London, WC2B 5LX. Telephone 071-333 0033. Please quote reference HNF108.

HARVEY NASH PLC

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Our client, one of the US's leading diversified financial institutions, has a significant presence in Europe, the Middle East and Africa and is highly successful within Global Capital Markets and Relationship Banking. A senior opportunity has arisen within the Group for a UK Financial Controller. Reporting to the Group Finance Officer for the Europe, the Middle East and Africa Group your responsibilities will include:

- Coordination of reporting for the UK entities.
- Management of financial reporting to the Head Office in the US.
- *Management of regulatory reporting to* The Bank of England, Federal Reserve and Securities and Futures Authority.
- Management of control function ensuring adherence to both UK and US GAAP.

The successful candidate will be a qualified accountant with a minimum of five years PQE. *Exposure to* wholesale banking, capital markets and knowledge of UK and US GAAP are essential. Candidates must be able to demonstrate the level of management and interpersonal skills allied with commercial acumen required to succeed in a position of this seniority.

This represents an excellent opportunity to join a dynamic group and for career progression based upon personal merit.

If you believe you have the required experience, business acumen and drive, then please write, enclosing your CV to the advising consultant, Jonathan Kidd, at Harvey Nash Plc, Dragon Court, 27-29 Macklin Street, WC2B 5LX. Telephone 071-333 0033. Please quote reference HNF109.

HARVEY NASH PLC

Manchester **Up to £35,000 + Car + Benefits**

Assistant Financial Controller

Our Client is one of the biggest and most successful commercial operations in the UK. Its recently reorganised Finance Division brings together financial services ranging from banking to hire purchase and leasing via a number of companies, and its turnover exceeds £700 million. As part of its positioning for further growth it now needs an Assistant Financial Controller.

The successful candidate will be aged early-30's upwards and a well qualified computer familiar Chartered Accountant who will hopefully but not vitally have substantial financial services industry experience. In addition to the production of statutory accounts and financial reports, the incumbent will grow from the management and development of the leasing and associated administrative function across the spectrum of the Division's *activities.*

This is a high-pressure environment and we seek a practical, hands-on worker with tact, *persuasiveness, professionalism and commitment. In return the benefits package offered is* excellent.

***Letters of application, together with CV, salary progression and any other relevant* data, should be sent without delay to the Managing Director, Performance Management Ltd, 26 Park Mount Drive, Macclesfield, Cheshire, SK11 8NT, quoting reference P195.**

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The role would place particular emphasis on the evaluation of risk monitoring and pricing tools used in the trading of financial products including derivatives. A key objective of the role is to form an assessment of the strengths and weaknesses of internal control procedures. This would involve identifying market, credit, legal and operational risks concentrating on key business functions.

Applicants must have:

- a strong academic record with an ACA qualification from a "big six" accountancy firm or an equivalent background in finance, maths or economics
- 2-3 years additional experience of working in a risk management, product control or audit function in a large investment bank
- strong analytical and creative skills to deal with new product areas
- excellent communication skills to liaise effectively with senior management

The position offers excellent career progression for high calibre candidates.

Interested applicants should contact our advising consultant, **Rachel Hannon**, on 071 379 3333 (fax 071 915 8714) or write enclosing a detailed CV to:

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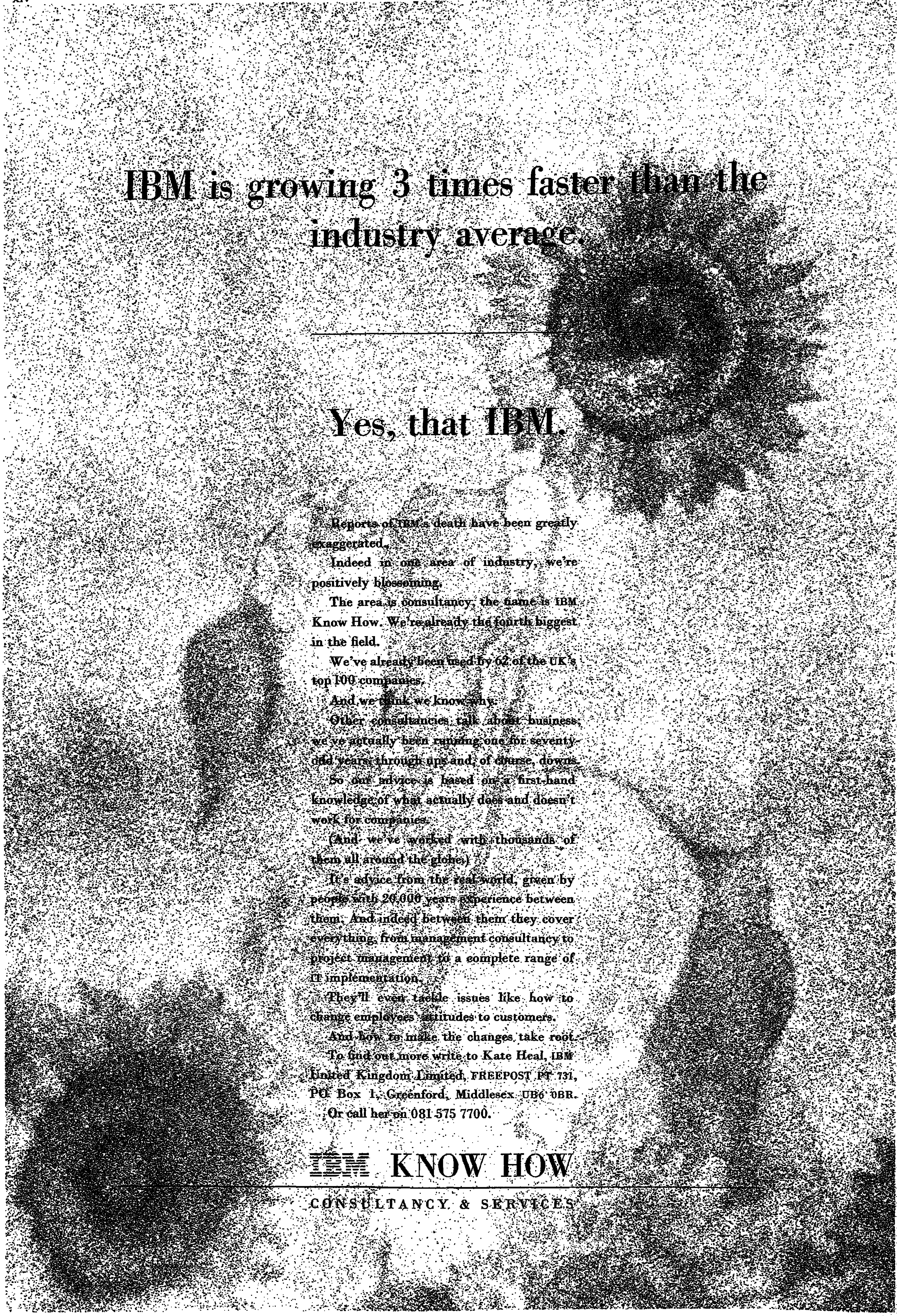
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FINANCIAL TIMES SURVEY

EGYPT

Terrorist violence has damaged earnings from tourism: **Page VII**

The 'new communities' look pretty good - on paper: **Page VIII**

Friday April 22 1994

Market traders at Imbaba, a Cairo suburb where troops have rounded up Arab fundamentalists *Picture: Tony Andrews*

Hosni Mubarak is in his 13th year as Egypt's leader *Picture: Ashley Ashwood*

Teeming travellers at the bus terminus outside the main railway station in Ramses Square, Cairo

Mr Mubarak still refuses to be rushed

Economic reforms continue and political reforms are promised once the Islamic fundamentalists are defeated. But progress is slow. **Mark Nicholson** reports

President Hosni Mubarak is now well into his 13th year as Egypt's leader and six months into a third presidential term which should see him at the helm of the most populous Arab nation until the end of the millennium.

So it should not seem odd that he prefers to take a longer-term perspective on his plans for the country. If Egypt is suffering hardships and irritations (such as the recent rise in terrorism), this should not be surprising, he explained recently. "The government can be excused, as it is engrossed in reforming a burdensome heritage accumulated over 50 years".

Mr Mubarak's message is clear – and largely unchanged over the past decade of his rule.

Liberalising economic reforms are necessary to dismantle the remaining statist legacy of Gamal Abdul Nasser, but they will be pursued only steadily. Wider political reforms must await the resulting economic transformation. Militancy, which may seek to threaten this project under the guise of Islam or any other, will be crushed. Above all, Egypt cannot – and his government will not – be rushed.

To this domestic agenda can be added his ambitions for Egypt as a regional power. Having reclaimed its centrality as an Arab power following its isolation after the Camp David peace accord with Israel, Egypt will now prove essential in helping to achieve the comprehensive peace now delicately being negotiated. And it will remain a stalwart ally of the west, available as broker and mediator in other regional problems – perhaps increasingly in Africa, should its present role as interlocutor in the Arab-Israeli peace talks diminish in importance.

The past couple of years, however, have begun to issue challenges to Mr Mubarak's comfortable view, potentially threatening every aspect of it. A growing number of critics inside the country, and among its important allies, wonder whether, in the face of rising domestic pressures and uncertain international shifts, six more years of similarly slow progress in the same direction constitute a recipe for continued political stability – the totem of Mr Mubarak's rule. They wonder, too, whether Mr Mubarak's determination to keep the same coterie of old faces in his ageing regime is an adequate response to such shifts and pressures, or whether his own regime is only acquiring its own "burdensome heritage".

On the domestic front, the rising pressures are self-evident and nowhere more so than in the sharp rise in violent Islamic militancy. Since militant groups such as the Gamaa al-Islamiyya and Jihad began to launch attacks against security personnel, senior government figures, banks and tourist targets in late 1992, more than 350 people have died in violent clashes – at least as many victims as the total number killed over the preceding three years.

Last month Mr Hassan al-Alfi, the interior minister, told the Financial Times that the security problem was "very much under control". The police had successfully infiltrated several militant groups and constrained their operations in Cairo, he said, and violence was now largely confined to towns such as Assiut and Dairut in Upper Egypt, a traditional stronghold of Islamic militancy where violence has long been aggravated by low levels of education, higher than average unemployment and a culture of vendetta.

But any improvement in the security situation is relative only to the sharply higher plateau of violence.

Already this year, more than 70 people have died in clashes. Moreover, the murder of a senior police general in Cairo a few weeks ago shows that, despite the most sweeping and sustained security operation in at least 10 years, the security forces cannot eradicate extremist groups.

For some time it appeared that an attempt to get rid of them through security measures which included mass detentions and – so it is alleged by human rights groups – torture and occasional resort to "shoot-to-kill" raids on suspected extremists, constituted the sole government response. But this may be changing, and according to analysts like Mr Mohammed Sid Ahmed, a leading political commentator, behind public expressions of unconcern, the government is certainly taking the militants more seriously. "People in senior positions who, a year or two ago, would once have dismissed the threat, are no longer doing so," he says.

There are some signs of a more sophisticated public relations offensive. The government has recently begun to orchestrate a media campaign, for instance. This has included the televised "confessions" of a "repentant" militant; and prime-time soap operas portraying Islamic extremists as misguided and corrupt.

But this falls a long way short of the more fully-fledged political response to the political violence long called for by some of Egypt's opposition parties and innumerable intellectuals. On his re-affirmation as president in October, Mr Mubarak said he would call for a "national dialogue" among Egypt's established political groups, although no date has yet been set for the talks.

If and when they do convene, however, Mr Mubarak seems firmly to have ruled out discussing any of the sort of structural changes called for by some opposition groups which might dilute his present near-absolute executive powers – for example, he has governed under a "state of emergency" more or less unbroken since assuming power.

The talks will also exclude, as a group, the Moslem Brotherhood. This will be indirectly represented by the Labour Party, under whose banner Egypt's most cohate, popular and professedly moderate Islamic group has been permitted only a degree of official representation.

The more optimistic advocates of the national dialogue suggest that, once begun, it might develop a momentum of its own in which such issues as corruption (allegations of which have swirled with increasing persistence around people associated with the regime) might be openly debated. "The dialogue might confront the regime with the need to find ways to renew and refresh itself," suggests Mr Sid Ahmed.

But diplomats and other observers suggest that it is precisely such a possibility which the government will endeavour to prevent. They cite the government's recent decision to put on trial journalists with the publication *al-Shaab*, the Labour Party's (and thus indirectly the Brotherhood's) mouthpiece) for coverage which has been much braver than most in pointing at government corruption. "For the government, the dialogue will be an attempt to rally everyone behind its policies against the extremists, no more," says one western diplomat.

Aside from bullets, prison and soap operas, the government's chief weapon against militancy appears to be its hope of achieving an economic turn-round, to attack the disillusion and unemployment it blames for the unrest. But here, too, there are grave doubts about the government's ability to deliver.

Continued on Page II

IN THIS SURVEY

Mark Nicholson examines conflicting signals in the economy

Private sector development stalls

Three years ago, when Egypt agreed to undertake its present drastic and comprehensive programme of economic reforms, many observers in the International Monetary Fund and World Bank, which designed the present adjustment plan, doubted the country could ever come as far as it has.

In 1991 the country was in a parlous state. Hard currency reserves sufficed to cover only two weeks of imports. Mr Atef Sidki, the prime minister, was speaking alarmingly of Egypt having to default on some of its $40bn worth of foreign debt.

Given the urgency of Egypt's economic crisis and the political goodwill of its creditor nations for the country's firmly pro-western stand during the Gulf war, the Paris Club struck a deal with the government to make a staggered write-off of no less than half of the outstanding debt, conditional on the country undertaking a complete IMF and World Bank programme.

Egypt's remarkable macro-economic progress so far has already triggered two tranches of debt write-off, each of 15 per cent of the country's debt as of December 31 1990. The third and final tranche of 20 per cent, worth between $4bn-$5bn, is due to follow in July, if the IMF approves Egypt's progress with the reforms under the three-year Extended Fund Facility agreed last year. Some ministers are already trumpeting their confidence that the approval will be granted without much problem.

But it is in fact not clear that the IMF's approval will be such plain sailing.

While the Fund can be only delighted with the continued success of Egypt's macro-economic stabilisation programme, the course of structural adjustments designed to foster private sector-led growth looks increasingly troubled. In particular, the privatisation programme monitored by the World Bank – considered by the Bank and most investors to be the most important signal of the government's will to sustain and deepen its liberalising overhaul of the economy – is badly stalled.

The risk is that doubt about government will to reform without pressure is already creating jitters which could jeopardise fragile stabilisation policies

The government's apparent reluctance to move beyond a snail's pace with privatisation is, however, already sending the wrong signals. In the wake of the macro-economic reforms, among the chief reasons for the lack of investment is a continued lack of confidence among local investors in the government's real will to remove itself from its continued dominance of most of the economy.

There is a widely-voiced view among bankers and businessmen that the government is essentially intent on achieving the remaining debt write-off under the Paris Club agreement – and that once this is won, neither the IMF nor the Bank will retain their present leverage to push through the further reforms necessary to create real growth. The risk for the government is that such doubts about its will to reform without this kind of pressure is already creating jitters which could eventually jeopardise the already fragile stabilisation policies.

For now, however, the macro-economic achievements continue. The budget deficit, which topped 20 per cent before the IMF programme, is down to 4.7 per cent and due to fall further – to 2.6 per cent this year. Inflation is down from over 10 per cent last year to 7.4 per cent. The balance of payments remains in surplus. In large part this is thanks to an improved flow of remittances, averaging about $5bn a year, partly attracted by the real domestic interest rates, which themselves have helped keep the exchange rate largely stable at about E£3.37 to the dollar. Hard currency reserves are stable at about $16bn – a year and a half's import cover.

To these successes can be added improvements in banking supervision and legislation; improved capital markets laws; price de-controls; tariff cuts; introduction of a proto-value added sales tax; a new unified income tax law and an overall easing of investment regulations.

There remain points of issue with the IMF and the Bank. For example, both would like to see energy prices rise closer to world levels – something the government is resisting, as politically unsustainable. Both are also irritated that while Egypt agreed to cut maximum tariff rates this year to 70 from 80 per cent (as part of a cascade of cuts towards a 40 per cent maximum), the government simultaneously added a new "user fee" of 5 per cent.

But the biggest bone of contention remains privatisation.

The last visiting World Bank mission to monitor the programme, in March, left apparently deeply unimpressed with movement towards its ostensible targets. Its members suggested that they may not feel themselves able to advise the IMF as early as July that Egypt is making sufficient progress.

From a list of more than 80 publicly-owned assets or companies slated for sale as far back as the end of 1992, only a handful of assets have been sold. Only one company, a bottling group, has yet been sold, although the sales of two others are apparently agreed and waiting only to be finalised.

Moreover, there are signs that the government is backing away from its earlier definition of what constitutes privatisation. From having declared its intention eventually to sell off some 314 state companies – with an official book value of E£70-E£80bn – ministers are now saying that they are "assessing the extent to which the private sector can buy into these companies" – which is not quite the same thing.

This week the government announced plans to turn 11 state companies, including real estate, irrigation, public works and land reclamation firms, as well as two engineering consultancies, into what amount to workers' cooperatives, transferring 75 per cent of the shares to employee shareholder associations (ESAs). The World Bank welcomed the scheme, but foreign economists said it did not look like privatisation in the usual sense, because the shares would not be available to outside investors.

Political fears in the National Assembly that privatisation would lead to the sale of Egypt's "family silver" to foreigners forced Mr Atef Obeid, the minister responsible for the programme, to state that sales to foreigners would take place only in "very limited cases".

But it is political sentiment within the cabinet which appears to be most to blame for the stalled programme.

Partly it is the real fear for the political consequence of the likely unemployment which would follow more thoroughgoing sales of largely inefficient state enterprises. This is understandable in a country where unemployment is already estimated by independent economists at about 20 per cent. But partly, too, it seems to reflect the fact that the convinced liberalisers and privatisers within the cabinet do not constitute an over-riding majority.

The departure, in last year's cabinet reshuffle, of Mr Fouad Sultan, the former tourism minister and then the government's most ardent champion of the private sector, has only helped fuel the belief that the government is not ideologically committed to removing itself from the economy's commanding heights.

The upshot is exasperation among bankers, foreign investors and local businessmen who had been positioning themselves to take advantage of privatisation.

Several US and other foreign banks which had doggedly, and expensively, been pursuing opportunities have thrown in the towel in the last few months. "It's a complete sham," says one. "I was given all sorts of false promises and in the end have nothing to show for it."

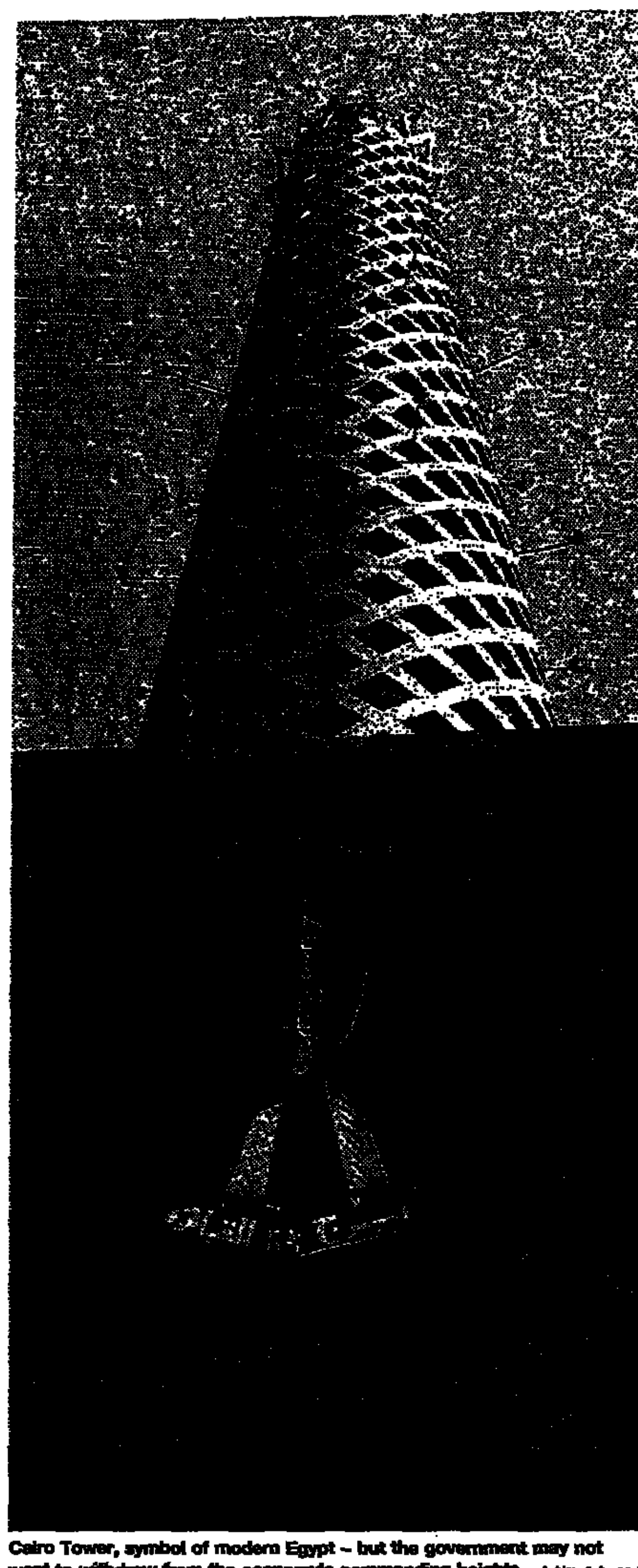
Privatisation alone was never likely to create the kind of real growth the IMF and World Bank-guided reforms were designed to achieve. But while the stalled programme continues to undermine business confidence (as discussed elsewhere in this survey), such growth rates look increasingly remote. According to Mr Youssef Boutros Ghali, minister of state for international co-operation, Egypt needs to raise growth rates to 5 or 6 per cent; rates which might then help absorb the estimated 400,000-500,000 new entrants to the workforce each year.

But by the best available estimates, Egypt's economy is growing modestly if at all. Some economists estimate GDP to be declining by perhaps 1 per cent. Others, however, suggest the there is evidence to indicates the economy may be growing by 2 per cent.

Aside from private sector gloom, there have been other notable depressants on growth, not all of which are susceptible to economic management. One of these is low crude prices, which helped cap the increase in oil export revenues last year at just over $2.1bn. More serious is the continuing negative effects of militant attacks on tourist targets.

The tourism industry, which earned Egypt (the government rather optimistically claims) a record $3.2bn in 1992 before the attacks began, suffered sharp declines in 1993. According to one official European study, tourism's overall contribution to GDP is expected to fall to 3.3 per cent of GDP in 1993 from 8.6 per cent in 1992.

The economy is therefore hovering in what one foreign banker calls a "discomfiting status quo".



Cairo Tower, symbol of modern Egypt – but the government may not want to withdraw from the economy's commanding heights. *Ashley Ashwood*

He still refuses to be rushed

Continued from Page I

Nearly three years into International Monetary Fund and World Bank-inspired reforms, Egypt's sprawling and still public-sector dominated economy remains well short of the 4 or 5 per cent growth rates the programme aimed to stimulate.

GDP growth, not helped by the negative effect of militant attacks on the tourism industry, is a modest 2 per cent at best. Worse: the effects of subsidy cuts and rises for utilities such as power have almost certainly made the poor poorer – some estimates indicate that household consumption has slipped by 2 or 3 per cent over the past two years.

By some tallies, Egypt's economy will have to produce between 5m and 6m new jobs by the end of Mr Mubarak's present presidential term in order to accommodate the influx of new workers – and make some inroads in present unemployment, which is already about 20 per cent. This is Egypt's political timebomb. "If the country cannot produce the 5m jobs, the amount of discontent will be enough to produce a political change, one way or another," one western economist gloomily concludes.

But after its undeniable and hard-won success in managing its stabilising macro-economic reforms, Mr Mubarak's government now faces the more politically sensitive task of pushing through structural reforms, such as privatisation and deeper tariff cuts, which threaten short-term unemployment and cut into deeply entrenched vested interests. There are already signs that the private sector, whose confidence is vital to inspiring the growth Egypt needs, is beginning to suspect a weakening of government will.

Mr Mubarak's bet appears to be that he can continue the reforms at his own pace, trusting to his political instinct as to how far and fast he can push Egypt.

He is relying on what one foreign businessman describes as "Egypt's uncanny ability somehow to keep its head above water". He is also relying, no doubt, on Egypt's strategic importance to the west – a strategic importance which is the mainspring of an annual $3bn in aid and political backing for Egypt within the IMF, World Bank and Egypt's foreign creditors in the Paris Club.

For the moment, Mr Mubarak's bet seems to be the only one which counts. He has no self-evident political rival. His international support seems assured.

And he retains in his hands all the levers of security and political power. For yet another year, therefore, Mr Mubarak will try to show that Egypt can remain a sort of political Leaning Power of Pisa and defy – or at least defer – the apparently inevitable.

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Mark Nicholson finds private investment levels disappointing

Slow response to reforms

By almost any measure the levels of private investment in Egypt, both foreign and local, are a big disappointment.

They are particularly so, given the successful macro-economic stability achieved during the past two and a half years of reforms steered by the International Monetary Fund and the World Bank.

These reforms were designed to create the conditions for robust private investment and job-creating growth. The fact that neither has followed Egypt's remarkable monetary and fiscal achievements proves that such reforms provide only a necessary condition for such growth.

Sector breakdown of Arab countries' capital in total investment projects

30th June 1991

Sector	Participation %
Finance	62.6
Industry	19.8
Services	12.2
Construction	3.0
Agriculture	2.4
Total	100

Source: Arab Bank, Cairo

Creating an investment environment sufficient for growth rates capable of absorbing Egypt's annual flood of new labour market entrants is, however, proving a complex and intractable task. Economists in Cairo suggest that there is no single easy answer.

Economists, bankers, businessmen and investment agencies concur in blaming a raft of reasons, ranging from the psychological to the petty bureaucratic, for the dim showing of private investment. But most people also agree that Egypt is not short of profitable things in which to invest. "There are certainly far more opportunities here than the attention Egypt is getting," says Ms Anahid Harrisson, director of the EU-backed European-Egyptian Investment Promotion Programme.

Hard numbers on investment levels in Egypt are scarce and official figures, where available, are unreliable guides. One fact, however, is clear: that the decline in public sector investment, which is a concomitant of the IMF-inspired reform programme, has left a gap which is a long way from being filled by the local private sector or foreign investors.

A recent International Finance Company report on private investment in developing countries notes that private investment in Egypt was "considerably below other regional countries", and shows that between 1985 and 1992 gross investment shrank from 26.7 per cent of GDP to 18.2 per cent. Public sector investment almost halved – from 20.5 per cent in 1985 to 10.4 per cent in 1992. Private sector investment edged up to 7.8 per cent over those seven years from 6.1 per cent of GDP.

It is difficult accurately to break down private investment between domestic and foreign flows.

The General Authority for Investments, which handles the bulk of foreign investment approvals, estimates that 57 per cent of total private investment is domestic, 22 per cent from Arab countries and the remainder from the rest of the world. However, these figures refer only to projects approved rather than actually pursued.

The slow response of domestic investors to the increasingly deregulated and stable economy of the past two years is perhaps the biggest disappointment to the advocates of Egypt's drastic reforms.

In particular, economists say they have seen little of what they estimate to be tens of billions of dollars worth of Egyptian flight capital – some people put the figure at $60bn – returning to the country in productive projects. Some money has returned, but bankers say that much of it is invested short-term on local treasury bills, which presently offer a rate of just under 14 per cent.

Part of the reason for the lack of response appears to be psychological. "Many of Egypt's wealthiest potential investors have been badly hurt before by sudden shifts of government policy," says one Cairo banker. "These people are unlikely to commit themselves until they are more certain about the government's commitment to the private sector in the country."

In this regard, there is a unanimous feeling among bankers and businessmen that the best signal the government could send such investors – and potential foreign investors – would be vigorous pursuit of its proposed privatisation programme. "That would clearly send the message that the government's reforms are irreversible," says an economist.

However, there is also unanimity in the view that the glacial pace of privatisation, and the government's shifts and wriggles in pursuing World Bank targets for company and asset sales, has sent precisely the wrong signal.

Egypt is not short of profitable things in which to invest

Another reason for the slow pick-up of the local private sector, according to local economists such as Ms Heba Handoussa, head of the World Bank-funded Economic Research Forum in Cairo, is that it is still adjusting to the painful shock of the past two years' reforms. "To get the private sector to make up for the loss in public investment when demand is down is asking a lot."

Added to the shock of real interest rates (a novelty for the private sector since 1991, after years of negative rates before the IMF-led reforms) are higher fuel and energy prices, tariff cuts, tax reforms and overall price deregulation. All these have made the environment for local business considerably tougher.

But even with the present high interest rates – about 7 per cent in real terms – there are a few encouraging signs. Bank claims on the private sector, for instance, are up 19 per cent in 1993 on a year earlier.

Capital of total investment projects approved for operation inside the country to June 30 1993

993US$ 1.00 = LE 3.3859	E£ bn	%	US$ bn
Egyptians	12.8	57	3,780
Arabs	4.8	22	1,418
Foreigners	4.6	21	1,359
Total	22.2	100	6,202

Source: Arab Bank, Cairo

Participation in capital of total investment projects according to major Arab countries to 30/6/93

	E£ bn	%	US$ bn
Saudi Arabia	1983	41	585.7
Kuwait	788	16	232.7
Libya	416	9	122.9
U.A.E.	333	7	98.3
Lebanon	167	3	49.3
Jordan	147	3	43 4
Others	966	20	285.3
Total	4800	100	1,417.6

Source: Arab Bank, Cairo

The modest levels of foreign direct investment in Egypt are possibly more surprising, given the government's macro-economic success – something which, in fellow IMF-reformed countries such as Tunisia and Morocco, has helped spark a substantial rise in foreign interest. Here, too, analysts partly blame psychological factors for Egypt's limited success.

One such, clearly, is the negative effect of the past 18 months' rise in Islamic militancy and the attacks on tourist targets. Before these attacks the tourism sector was far and away the most powerful magnet for both local and foreign investment (other than the oil and gas sector, which obeys its own quite distinct rules and has for a long time attracted the bulk of gross inward investment.) New tourism ventures, however, have almost dried up.

Another factor is Egypt's reputation for cumbersome bureaucracy. But local businessmen and experienced investors in the country suggest that this is a two-edged sword, and that in any case that Egypt's reputation for red tape is increasingly overstated.

The double edge of Egypt's bureaucracy is simply that while such time and paper-consuming barriers to investment exist, they provide something of a shelter behind which greater returns are possible than in more open economies.

"The rates of return here rank among the highest in the world, partly because of the bureaucratic constraints," says Mr Farouk Nasser, who chairs the American Chamber of Commerce in Egypt's investment committee. He says that some of the bigger foreign investors are able to show returns on equity of as much as 40 per cent, once they have mastered the system.

Such mastery – which critically requires finding good local counterparts for an investment – is also considered by many of the country's bigger investors to be no more difficult than in other developing markets. In fact, Egypt has considerably streamlined its investment approval system in the past three years and a recent study of European investors in Egypt found "significant improvement in the investment environment, from both the operational and regulatory perspective, particularly within the last 12 months."

Most foreign investments must be approved by the General Authority for Investment (GAFI). Its director, Mr Mohieddin el-Ghareeb, is at pains to characterise the authority as a provider of investment services rather than a regulatory or approvals body. And increasingly, investment agencies report that this seems to be true, with many investors reportedly happy that they can at least achieve most of the necessary bureaucracy through a single body.

Mr el-Ghareeb also claims that investment these days is "automatically approved" – which is truer than it was since the "negative list" of sectors, in which investment requires case by case approval, has been trimmed to embrace only military industries, tobacco and investments in Sinai.

Nevertheless, the GAFI board meets infrequently, partly because it is chaired by Mr Hosni Mubarak, the president, himself, which means that investors can wait up to eight months to receive final approval for a project.

This sort of delay is among the chief complaints made by investment bodies in Egypt. Another is the government's apparent reluctance to sell itself harder to foreign investors and emphasise investment benefits which, according to Mr James Pringle, chairman of the American Chamber of Commerce, include "world class, competitive incentives". Alongside Egypt's chief attractions of cheap labour costs – ranging, for example, from about $60 a month for semi-skilled labour to $700 a month for managerial staff – and a 60m local market, these include access to preferential trade agreements with the Gulf, and tax holidays of up to 10 years for investment in prescribed industrial zones.

Analysts partly blame psychological factors for Egypt's limited success

At present, such investment promotion as exists is in the hands of small lobbies such as the American Chamber of Commerce, its German equivalent and the EEIPP, which is soon to be replaced by another EU-backed body.

What seems to be lacking is a concerted push from the Egyptian government itself – a push conspicuously present in regional competitors such as Morocco, Tunisia or the Gulf states.

The informal economy is a necessity of life, reports Mark Nicholson

Beyond the bureaucrats

It is impossible to get by in Egypt without making use of the informal economy.

Taking a taxi, getting a leaking pipe fixed, having laundry or ironing done, repairing a car and a host of other services are all largely the preserve of the informal sector. A good range of products, too – items ranging from tourist souvenirs to furniture – are put together in small workshops, many or even most of them unlicenced or otherwise outside the reach of the bureaucrats.

And it is becoming increasingly clear to economists and businessmen vexed by the task of heaving Egypt's leviathan economy to higher levels of growth that perhaps the country itself cannot get by without making better use of its informal sector.

According to most estimates and most definitions of what precisely constitutes the informal sector, it is the biggest part of Egypt's private sector. As such, many believe that fostering its faster expansion may prove more effective than livening up foreign investment or Egypt's traditional business elite as a means to growth. The trick would be to find a way to manage it.

It is easy to give an estimated magnitude for the informal sector, but it is impossible to calculate precisely its dimensions – not least in a country where basic economic statistics on more observable phenomena are pretty hit-and-miss. Moreover, no specific study has been published on the size of the private sector which operates beyond state registration or the reach of the tax man.

Existing data in Egypt on the informal sector tend to be based on evaluating the extent of small enterprises. Some of these enterprises are – and others are not – "formal", in the sense of being licensed, registered or tax-paying.

However, research conducted by Mr Marcelo Guigale, the World Bank's resident economist in Cairo, leads him to estimate that up to 99 per cent of all private sector units in the country employ fewer than nine people. These, he reckons, account for 80 per cent of the country's overall private sector employment and 75 per cent of the private sector's value-added.

Furthermore, according to Ms Heba Handoussa, head of the Economic Research Forum in Cairo, the sector has been booming. She argues that it is into this part of the economy that large chunks of Egypt's worker remittances are funnelled. "That's the potential for the future," she says. "You have this vast mass of individuals in the lower income bracket who have this vast flow of funds available to them – and continuing at consistent levels."

The size of Egypt's informal sector already helps to explain how the country somehow has managed to absorb so many new entrants to the labour force each year. But Ms Handoussa and others believe that finding ways for the sector to expand will provide the single most important means of addressing Egypt's continuing acute need to create yet more jobs. "Until now, the whole system has been geared to ignoring these small enterprises and pretending they don't exist," she says.

Mr Farouk Nasser, chairman of the American Chamber of Commerce's investment committee, also believes attention should be turned, as a matter of urgency, to somehow supporting the "unclassified and undisclosed" economy. "The only hope lies in the 25 per cent of the country's workers who work in the black economy," he says. He adds that it is a question of finding ways to give such small enterprises credit, easing their access to property for expansion and other means of support, but without scaring them away by overtaxing them.

But that would be a delicate trick. Many of Egypt's atomised tens of thousands of small workshops and enterprises keep themselves small to stay out of the way of the tax man and the dreaded bureaucrat. Egypt's informal sector flourishes despite the government, and by minding its own business. The 3m-4m workers in the sector might quite plausibly have concluded, given the state of the rest of the economy around them, that small is more beautiful.

Banking is approaching a milestone, reports **Robin Allen**

Sales will help balances

Next June should be a milestone for Egypt's banking system. If the four public sector banks, National Bank of Egypt, Banque Misr, Banque du Caire, and Bank of Alexandria stick to the government's stated intentions, by June they should have announced plans to sell their shares in about a dozen joint venture commercial banks to the private sector.

These shares constitute the "jewels in the crown" among the assets on the books of public sector banks. Their sale is intended to strengthen their balance sheets, before they in turn are privatised according to the timetable discussed between the government, the IMF and World Bank.

Cairo bankers say that defining *the different categories of* bank is about as straightforward as local interpretation of the highway code. The four *public sector banks dominate* national retail and domestic credit with about 70 per cent of deposits and local corporate assets.

Apart from these four there are more than 40 commercial banks: a mixture of domestic public and private sector joint ventures; private sector foreign and local joint-ventures; foreign commercial banks which are allowed to deal in local currency – among these some which offer investment banking services; *foreign banks* which have not met the extra $15m capital requirement and

There are about 15 investment banks which are defined as such

are therefore restricted to foreign currencies (some of these last also offer investment banking services like private *banking*).

There are also some 15 investment banks which are defined as such, including *international Arab banks and* off-shore banking units and at least one with special status. Finally there are about 30 domestic regional development banks, some of which are commercial banks, others specialist industrial or agricultural.

The central bank, in its latest annual report (for the fiscal year July 1 1992-June 30 1993) notes that the securities' portfolios of all banks in this period amounted to 49.8 per cent of their total loan portfo*lios*, and that T-bill holdings made up 89.7 per cent of these securities.

"In the last year there were limited first-class lending opportunities," one joint-venture banker said in March.

But banks' earnings held up well, because until last autumn all banks could arbitrage on these T-bills, available to foreign investors as well as local banks. All banks could get extra funds at 14-15 per cent *from the interbank market*, while paying only 9.5-10.5 per cent on customer deposits. The surplus liquidity was going into *T-bills. "It was a good* margin and tax-free after all expenses," said one banker.

Then the central bank realised the extent to which commercial banks were "just playing the market," and barred private commercial banks from bidding. Now only public sector banks can bid.

But there are opportunities from trade financing and short-term corporate lending. Egyptian British Bank increased profits by 270 per cent last fiscal year (to June 30) by improving market share and trade financing, but like most local and joint-venture banks it made little headway in retail or consumer lending. "The timing is not right to push consumer lending," says one private sector banker.

The appointment last October of Mr Ismail Hassan, the former head of bank of Alexandria, smallest of the four public sector banks, as central bank *governor, was generally* well-received.

He is credited in some quarters with having successfully restructured Misr American International Bank. "He is not an initiator," one banker remarked. Another added: "But everything moves slowly here and that is the natural pace."

Among joint-venture banks Misr International is held up as "well-run". *It is a fairly typi*cal example of a polyglot public and private sector bank with foreign and domestic shareholdings.

Egyptian-American is a joint venture between Bank of Alex*andria* (which has a stake in no fewer than four joint venture banks) and American Express, which is also a part*ner in* Egyptian-American bank. In addition, Amex in its own right is one of four foreign banks allowed to deal in local currency. The others are Citibank, Jordan's Arab Bank and Crédit Lyonnais.

Others expected to increase *their capital* by the required $15m to get their licence amended so they could deal in local currency, but which have not done so, include Bank of America, Banque Paribas and Crédit Suisse. Banca Commerciale Italiana has pulled out altogether.

Paribas is counter-guaranteeing the first – $8.8m – corpo*rate bond issue for* the German joint-venture Hoechst Orient. By the end of March, however, after long delays waiting for members of the Capital Markets Authority to be appointed, this had still not received the go-ahead from the CMA.

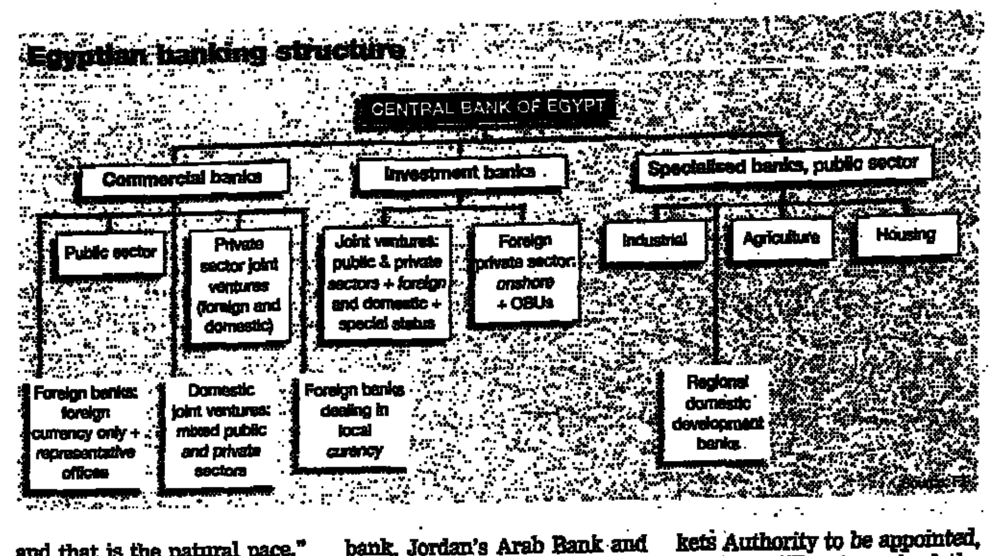
Commercial International Bank (CIB) is an example not only of the polyglot nature of some banks' shareholdings, but also of the strength and weaknesses of the capital markets and the investing public.

A year ago it decided to raise about $115m through a public offering to increase its paid-up capital. Prior to that some shares were held by the staff, but to all intents and purposes, National Bank of Egypt had full control. The issue last *October was 50 per cent over*subscribed. Some of the new shares were bought by the International Finance Corporation, the World Bank's private *sector* affiliate; others by two Saudi institutions. More than half the subscribers were individual investors.

CIB's earnings in the run-up to the share issue had been very good: 20 per cent annual compound *growth* based on shares of E£100 par value. However, when CIB floated it was at a share price of E£250. "It will be very difficult to sustain such a growth based on that share price," said one foreign banker, "and too many individuals will not have appreciated this. This market *is not an emerging market*; it is 'pre-emerging' in the level of investors' understanding and the lack of any stock market."

What worries professional bankers, Arab and western, who remain unconvinced by *high-sounding statements* of intent from officials about liberalising the economy, is that there is not only less growth and more poverty, but also that the public sector still has a stranglehold: 75 per cent of GDP compared with 80 per cent in 1991.

"Let's see what happens in June; that will be the litmus test," says one.



James Whittington visits the Cairo stock exchange

Coffee house atmosphere

For romantic connoisseurs of emerging markets, Egypt's stock exchange in downtown Cairo still has that classic coffee house ambience.

Aside from its recently added computer screens which now display the latest share prices, the physical appearance of the bourse has changed little since colonial times. The only problem is that more cups of coffee are drunk there than shares are traded.

Since the country's vocifer*ous programme of nationalisa*tion in the late 1950s and early 1960s, under the presidency of Gamal Abdel-Nasser, what was in its day the world's fifth largest securities market has been reduced to little more than a maverick's café. Out of the 674 companies listed, scarcely more than 15 are actively traded, resulting in a highly *illiquid and volatile exchange*.

Official market data is scarce and, when it exists, spurious. A number of local brokerage firms have begun compiling their own market reports, but even these differ widely.

Perhaps the best reflection of the market's float was the description, in a recent Cairo newspaper article, of a fall in *the price of shares in the Suez* Cement Company, one of the more active listings which has a 21 per cent public holding, as "a mini stock market crash".

This is not the stuff which makes emerging market fund managers rush to bring out a new prospectus. But salutary steps are taking place to reverse this decline. By next year, Egypt *may well be vying* for a place on international investors' portfolios.

The revitalisation of the *country's financial markets is* a crucial item on Egypt's structural adjustment programme. The Capital Markets Law, passed in April 1993 and slowly bringing results, aims to go some way towards this end. The law provides for the establishment of modern brokerage firms and merchant bankers; investment vehicles such as mutual funds; the use of debt instruments and corporate bonds; stringent disclosure and transparency requirements for listed companies; and tax advantages to both floated *companies and investors*.

The trading floor: 'that classic coffee house ambience' *Ashley Ashwood*

Results so far include Egypt's first mutual fund, set up by the National Bank of Egypt, worth E£100m. Hoechst Orient, the German/Egyptian joint-venture pharmaceutical company, is issuing the first ever corporate bond: a E£30m issue with a five year maturity, underwritten by Banque Pari*bas*.

Cairo's stock exchange has been linked by computer to the bourse in Alexandria, thus *reducing the discrepancy in* prices between the two exchanges. And a string of corporate brokerage firms are rapidly being formed amid high expectations.

The new regulations give a free run to foreign investors on the market, with no ownership limits – although companies' own bylaws may be restrictive – and no tax on dividends or capital repatriation. Furthermore, with the commercial banks awash with liquidity, resources are there to fuel domestic demand for shares. *The only thing missing is the* paper to invest in.

Despite this, interest in the market is on the rise. According to figures compiled by the Egyptian Financial Group (EFG), the current market capitalisation of the 15 or so companies which are actively traded is E£11.5bn – this includes tranches in cement *and textiles companies and a* few banks. Last year's turnover was about E£1.1bn and the average price/earning ratio has *risen from 5.2 to 8.2 over* the past year. The EFG Index is up by 19 per cent since January 1994 after a 38 per cent increase in 1993.

"The market has witnessed an upwards shift in demand without an increase in supply. Gradually more people are participating, in anticipation of what is to come," explains Mr Hisham Tawfik of EFG.

The most exciting source of new scrip is an ambitious privatisation programme.

*The government has under*taken to sell half of its assets in 314 state enterprises by the end of 1995. But difficulties in valuing company assets, overcoming huge debts and finding the political will to "sell the family silver" have so far hindered any outright sales. Furthermore, a new share issue by the state-owned Commercial *International Bank (CIB) did* little to impress investors with the public sector's ability to organise a flotation.

The CIB issued 1.5m shares to raise its capital by public flotation last September. The issue was 50 per cent oversubscribed. Eight months later, the 6,049 new subscribers had still not received their share *certificates. Because informal* trading of receipts is illegal, the new shareholders were unable to act upon their investments – a bad precedent for future subscriptions.

Most local analysts argue that a strong signal from the government, proving its commitment to free markets, is essential before Egypt's stock *exchange re-emerges. Other*wise, Cairo's downtown bourse will retain its quaint coffee house feel.

Gulf Arab investment now comes mainly from the private sector

Bureaucracy is a barrier

The scale and structure of Gulf Arab investments in Egypt have changed dramatically in the last decade and a half, away from Gulf governments' aid and cash disbursements amounting to billions of dollars a year, towards selective private sector investments involving only hundreds of millions.

Before Egypt broke ranks with the rest of the Arab world to sign the 1978 and 1979 peace agreements with Israel, Gulf governments propped up the Egyptian economy through their various aid agencies as well as through state investments.

Little is heard these days, however, *about heady projects such as, say, the* Arab Organisation for Industrialisation (AOI). A $2bn investment established in 1975, jointly owned by Egypt, Saudi Arabia, the UAE and Qatar, it was to have been the Arab world's workshop for military hardware. At its height this single investment employed 17,000 people. But AOI, and all other aid and investments from Gulf governments, was abruptly halted after Egypt broke ranks.

AOI still functions well *under sole* Egyptian ownership. It produces tanks and aircraft for Egypt's own use, as well as civil products such as optics, agricultural machinery and steel for sewerage systems. But apart from some cash payouts during and after the Gulf crisis of 1990-1991, Gulf governments have all but stopped investments on their former scale. For one thing, they no longer have the money they had in the late 1970s.

On the other hand, private investors from Gulf countries do have the money. But their investments are based not on political but on purely financial considerations, and the amounts involved are much less. In aggregate, they do not amount to more than 70 per cent of Gulf governments' single investment in AOI.

According to the Cairo branch of Jordan's Arab Bank, the total value of non-Egyptian Arab investment projects *approved at the end of last June* amounted to $1.42bn, of which Gulf Arab investors from Saudi Arabia, Kuwait and the UAE made up $916m, some 65 per cent of the total. Saudi Arabia alone accounted for 41 per cent of outside Arab investments. But despite the relative scarcity of Gulf Arab investments – and they probably do not include *direct purchases* of some real estate, such as second homes – the total is still marginally greater than private investments from the west.

Gulf Arab investments are heavily concentrated in financial institutions – more than 60 per cent – with about 20 per cent of the total in industry and some 12 per cent in services such as hotels and tourism companies.

One of the most significant Gulf compa*nies is Gulf Arab Investment Company*, Cairo-based, an Egyptian free-zone joint stock company with a paid-in capital and

Several hotels in Cairo and Heliopolis are partly or wholly owned by Gulf nationals or institutions

reserves (last June) of $46.5m and total assets of $51.3m. Owned by private inves*tors from Bahrain and Saudi Arabia* as well as from Egypt, GAIC operates on classical merchant banking lines – buying into companies, improving and selling them.

The Saudis are becoming more deeply involved than other Gulf investors. Their interests in Egyptian industry range from cement to aluminium to edible oil plants. The Saudi Bugshan brothers have a 20 per cent interest with Pepsi-Cola – and with a *local firm – in a joint venture which* paid about $52m earlier this year for Egyptian Bottling (which bottles Pepsi).

The precise extent of Gulf Arab direct investments in property – either personal homes or hotels – is almost impossible to quantify. Several hotels in Cairo and Heliopolis, including the Gezira Sheraton, the Meridien and the Al-Salaam Swiss hotel, are partly or wholly owned by Gulf nationals or institutions.

Although this is a bad time for the tourist trade because of violent activity by Islamic activists – the typical volume of western tourism, according to one local banker, is down by as much as 80 per cent – the financial loss may only be as low as 50 per cent, because one Saudi or Gulf Arab family is reckoned to spend 15 times *as much as* a *western package tourist*. But Gulf-owned investments on the Red Sea and in Sinai, which rely almost entirely on western package tours, have been badly affected.

There are formidable barriers to the growth of private sector Gulf Arab investments, common to all outside investors and to wealthy Egyptians whose money is abroad.

The first is the bureaucratic barrier. "There are 26,000 laws in Egypt," says one Egyptian banker, who acknowledges that daily frustration gets the better of her patriotic ideals. "Each new law is added to, *rather than superseding*, an old one. For any investor, there is always the risk of a bureaucrat plucking an old unused law off the shelf, blowing away the dust, and applying it *today*."

A second deterrent is the twin elements of government ineptitude and lack of com*mitment. One Egyptian banker in Cairo* says: "It is true that exchange controls have been eased, and in theory you can repatriate profits. But any foreign investor needs to be very careful. Get a good lawyer. The laws and their application are contradictory."

A third factor, perhaps more a potential deterrent than an actual one, is the economic recovery in Lebanon which causes Gulf Arabs to think twice before they *make an investment in Egypt*.

A fourth reason is the amount of money which the Egyptian private sector itself is reputed to keep outside the country. Guesses as to how much vary to a startling degree. One western diplomat puts it at "not less than $4bn, and it could be as high as $16bn." Egyptian estimates vary between $20bn and "not less than $100bn."

It is hardly surprising that many Gulf investors will *not put* their money where Egyptians themselves fear to tread.

Robin Allen

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Developments in high technology

Jump start to future hopes

Egypt is aiming to jump-start its sluggish economy by attracting investment from international high-technology firms in its Pyramids Technology Valley (PTV), instigated in 1989 by the Cabinet Information and Decision Support Centre (IDSC).

PTV has gained increased relevance in the past year following the sharp decline in the country's previously flourishing tourism industry, the fall in oil revenues, and general stagnation in most export sectors. Mr Hisham El Sherif, PTV initiator and IDSC chairman, insists that there is now both the money and political will to implement this highly ambitious scheme. "High technology will be the oil of the future," he says.

The aim is to develop a world class, export-based industry. Two science parks – "technopolis" – are planned in the 6th October industrial satellite city. The Suez Canal governorate of Ismailia is offering a range of financial incentives including free zone privileges for both the local as well as the export market. The hope is that Egypt would then be in a position to capture a share of the growing $800bn international information technology (IT) market already successfully entered by other developing countries such as India and Singapore.

A report commissioned by the IDSC from Dataquest, the international consultants, suggests that although Egypt's IT industry is small – annual production is about $172m – the opportunities are enormous, but only if global manufacturing companies will act as engines of growth.

The report concludes that local high tech production could be worth $2.5bn a year within five to seven years. $1.5bn would come from export revenues, creating 60,000 job opportunities and increasing GNP by between 3 per cent and 5 per cent a year. Most of this would be software.

While such figures should be taken with a degree of caution, there is broad agreement within the industry that software is Egypt's obvious niche in the global market. In the increasingly price-conscious environment, Egypt has in abundance what big software companies really need: a large pool of cheap trained labour.

In return, international software houses offer Egypt the benefits of technology transfer. "Software development is mainly man hours," notes Mr Hesham Gabr, general manager of Bull, the French IT group, which is planning to build a software factory in a PTV technopolis.

Bull, which is one of only four big IT companies with a subsidiary based in Cairo (the others are IBM, ICL and AT&T Global Information Solutions, formerly NCL), estimates that Egyptian software engineers are about 30 per cent cheaper than those at its base in Paris. IBM places Egyptian labour costs at about half those in Europe and the US.

But this can be a mixed blessing. Local computer firms complain about a steady leakage of trained personnel to higher paid jobs in Saudi Arabia and the Gulf. However, Mr Ali El Hefnaoui, PTV's general manager, cautions that Egypt's competitive advantage in labour costs is likely to continue for only another 10 years as wages continue to rise towards international levels.

"Engineers with good basic computer science skills are easily available, but there is still a need to build skills for large complex project management and system design," says Mr Amin Khaireldin, manager of IBM's Cairo-based software Arabisation centre. PTV seeks to address this through two recently established institutes which take about 1,300 honour graduates a year and train them up to international standards.

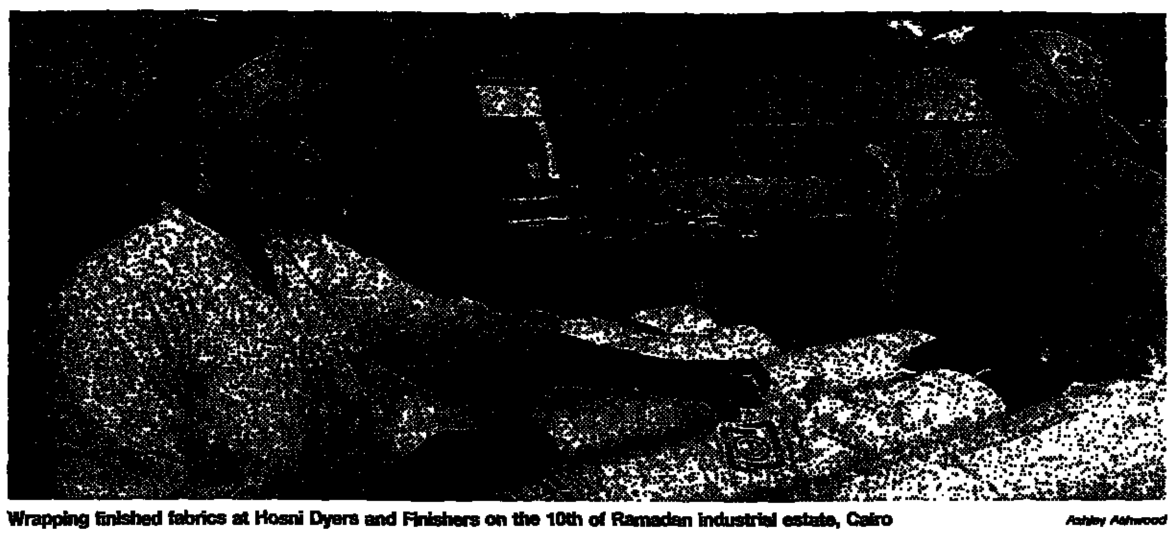
Too much is being left to the individual level – too small to attract the big participants

Labour issues aside, Egyptian officials say that Egypt's lead role in the region allows easy access to the markets of the Middle East, particularly the high-growth markets of Saudi Arabia and the Gulf. Egypt is also a stepping stone to Africa and backyard development for Europe – and if regional peace becomes a reality, for Israel.

The answer is "marketing, marketing, and more marketing," according to IDSC chairman El Sherif, to capitalise on the country's competitive advantages. PTV has started to sponsor Egyptian pavilions at important trade fairs, and a software association is in the process of being formed under the aegis of PTV. But still too much is being left to the individual level – too small to attract the big participants. "Egypt has not positioned itself in the global market as yet," comments Mr Adel Danish, managing director of the local Standardata, which also has offices in the US and France. "The messages have been too diffuse and too few."

Mr Danish, who is also chairman of the American Chamber of Commerce in Egypt's IT committee, advocates an aggressive government strategy linking big public sector contracts to work executed in Egypt, to start the ball rolling. There are, however, reservations among local firms as to whether those at the highest level are willing to act, in effect, as salesmen.

Fiona Moffat



Wrapping finished fabrics at Hosni Dyers and Finishers on the 10th of Ramadan industrial estate, Cairo — *Ashley Ashwood*

The cotton industry is being rescued from terminal decline

Strict controls applied

The winds of change are picking up speed over Egypt's cotton fields, breezing through its spinning mills, and buffeting the country's textiles industry.

Egypt's production of cotton is all classed as Extra Fine Cotton. About one-quarter is Extra Long Staple (ELS), which means that fibre lengths are 1 3/8" and above, such as the varieties Giza 77, Giza 70 and Giza 45. ELS is popular because of its long fibrelength – which can produce high counts in weaving – together with its strength and durability.

After more than 30 years of strict state control the Egyptian government has finally accepted that capitalist forces are required to rescue the cotton sector from terminal decline.

The resulting process of deregulation and eventual privatisation is causing the biggest shake-up since the sector was nationalised in the early 1960s.

The government's long term strategy in liberalising the cotton sector is to try to regain Egypt's prominent position as a world exporter. Well before Liverpool or New York became world centres for the cotton trade, the Egyptian city port of Alexandria on the Mediterranean had an active futures market – as early as 1861.

As the number one producer of premium long and extra long cotton staples, famed for comfort and durability, the sector flourished until the mid-1970s.

Before then the cotton crop was a lucrative 10m qantars, 77 per cent of which were exported. Local farmers planted cotton in more than twice the area planted today (currently 840,296 feddans), and all the best designer labels of the time were marked; "Made With The Finest Egyptian Cotton".

But government mismanagement has caused Egypt's cotton output, particularly exports, to fall dramatically.

The six state-run co-operative marketing companies, which control the buying and selling of cotton, have been offering increasingly low procurement prices for the crop to cover the mounting costs of its monopoly.

This lack of a financial incentive caused farmers to switch to more competitive produce which they could sell on the open market – even at the expense of being fined for ignoring government instructions to allocate a certain acreage of their land to cotton. Thus cultivation techniques became sloppy and yields fell.

At the same time, mounting inefficiencies ate into the 12 public sector spinning and weaving mills. They did not have to compete for their work; they became beset by problems of excess labour and outdated technology. Deterioration of quality went side by side with mounting debts.

As more and more subsidies were pumped into flagging operations, the government-fixed cotton prices rose above the international market. Foreign demand diminished. Among cotton traders Egypt became known as expensive and unreliable. On top of all this, the collapse of important markets in the former Soviet Union and eastern Europe, which received 40 per cent of exports, and an overall glut in world cotton supplies, exacerbated the decline.

As a result, cotton exports plummeted from 7.5m qantars in the 1960-1961 season to 3.29m qantars in 1980-1981 – and just 360,000 qantars in 1990-1991. Gross lint revenues were worth only $52m in 1991-1992 and $43m last year, leaving cotton as the country's sixth main source of foreign exchange after rice. Faced with the eventual bureaucratic strangulation of cotton farming in Egypt, the government decided once again to open up to the private sector.

A new law, which is expected to be on the statute books in September 1994, in time for the coming season, will formalise this transition. Plans are under way to re-open the spot price Mina Al Basal Cotton Exchange in Alexandria and the sector will be open to private competition.

'Farmers, traders and clothes manufacturers will all be free to do what they like'

"The new law will finally give choice to those working in cotton," explains Mr Ahmad Shouman, chairman of the state-owned Cotton and International Trade Company, who has helped to draft the law. "Suddenly farmers will be able to choose at what price they sell. Traders will choose which spinning and weaving mills to use. Clothes manufacturers will choose which yarn or fibre they want. They will all be free to do what they like," he says from his office in Alexandria.

In an attempt to cushion the shock of price changes when the exchange opens, the government has raised the price at which cotton is bought from farmers, and lowered its export rates closer to the international market. This, along with a concerted effort by the state to improve yields through a more refined use of pesticides, resulted in a 22 per cent rise in output last season over 1991-1992, from 5.8m qantars to 7.1m qantars, and a slight rise in export volumes.

On the input side, subsidies on cotton seed, fertilisers, pesticides, and irrigation costs are due to be completely scrapped this season, and their supply also opened to the private sector.

This will wipe away sizeable government outlays. A report prepared by the American embassy in Cairo calculates that despite a 50 per cent reduction in fertiliser subsidies, it still cost the government E£25m in 1992-1993, while pest control cost E£112m.

Some farmers in the Delta region fear that the cut in subsidies, together with the expected drop in cotton prices when the exchange opens, will make cotton less profitable. Mr Madi Fayez Taboul, who rents 25 acres of land from the government near Alexandria, says that he has not planted cotton this year because he has no idea what its price will be. "When I sell to the government I know what I'll get – but now I don't know what's happening," he complains.

Textiles manufacturers and cotton traders, however, are more sanguine about the changes. "Only those making money without work have been cornered," says Mr Fathi Ahmad Ali, chairman of Egypt's second largest spinning and weaving factory (which is 100 per cent state owned), looking forward to more competitive prices.

Most observers agree that those with the most to gain from the liberalisation programme will be the exporters. Mr Said Haggag, managing director of Alcotan, the public trading company, says that cotton exporters will be able to focus on recapturing the world market in the premium ELS cotton varieties which have been losing ground over the past decade to American grown Pima cotton.

For local consumption, spinners and clothes manufacturers do not require the high quality of ELS and are increasingly turning to imported medium and coarse cotton varieties. About 1m qantars of medium and short staple American cotton are normally imported in a year, making up nearly one fifth of local consumption. But with US cotton selling locally at $0.74/lb compared with over $1.5/lb for Egyptian varieties, this share is likely to widen as the textiles industry is given more freedom of choice.

Mr Shouman believes that by the end of the century more than half of Egypt's cotton output will be exported in the form of either yarn, fabric or high quality clothing while the local market will mainly import foreign cottons. "Whatever the balance, it will be for the market to decide," he says.

James Whittington

James Whittington looks at the textile industry

Put your shirt on it

This year the Egyptian shirt was added to the host of thorny trade issues taxing American government officials.

Exports of shirts to the US rose by a record 569 per cent in 1993 – to 6.5m shirts worth $30m – and American trade negotiators have called for a quota to prevent further rises.

Such a reaction has astonished those working in Egypt's textiles industry.

The US exports over $2bn worth of goods to Egypt every year, compared to a total of only $450m in Egyptian exports to the US, so the shirt-makers complain that the Egyptian shirt hardly threatens the balance of trade.

On the one hand the dispute is a serious concern to the Egyptian government. On the other, it is proof that the country's structural adjustment programme is at least working successfully in the field of ready-made garments.

The textiles sector is Egypt's oldest and largest manufacturing base. It contributes to the economy an annual E£4bn, of which exports account for about E£1.7bn. But for years it has been dogged by problems of excess labour, outdated technology, and a lack of quality control as a result of the state's monopoly over cotton and most of the country's spinning and weaving mills.

But future prospects are bright. A growing number of flourishing small clothes manufacturers in the private sector are breathing renewed life into the business.

There are between 500 and 600 medium-sized, mainly state, textile factories and over 1,000 cottage industry operations in Egypt. However, 90 per cent of the ready-made garments sector is in private hands, ranging from traditional tailors to sophisticated manufacturers producing garments under franchises from, for example, Italy's Benetton, America's Wrangler, and France's Naf Naf. Most focused on the domestic market. Many are now gearing up for lucrative foreign markets.

Mr Samir el Serafy, a director of a private sector clothes factory in Alexandria, believes that the future of Egypt's textiles industry no longer lies with the large-scale public sector manufacturers of cloth and fabric, but with smaller, privately-run producers of finished goods.

"The decline in the cotton sector and its export market has created a market for ready-made clothes which is better achieved by the private sector than the state," he says. The secret of their success, he claims, is a strict policy of quality control. "This is where we can beat the public sector hands down."

Mr Serafy's company, Société Franco Egyptienne de Confection, exports clothes and other garments to the Gulf states, France and the UK (where he supplies the retail company Habitat with curtains, tablecloths and bed-sheets). He employs about 400 staff, and many of his designs are manufactured under a franchise from the French company Indreco.

With an annual turnover of E£10m-E£11m, the company began pushing its exports last year and has already earned over E£340,000 in foreign sales in the first three months of 1994.

A Cairo clothes shop specialising in Islamic fashions — *AP/Norbert Schiller*

The private sector's total output of cloth – that is, finished clothes and fabric – was about 85,000 tonnes in 1993; tiny, compared to the public sector's output of about 130,000 tonnes. But this balance is likely to change as the private sector expands and the state eventually sells off its spinning and weaving operations.

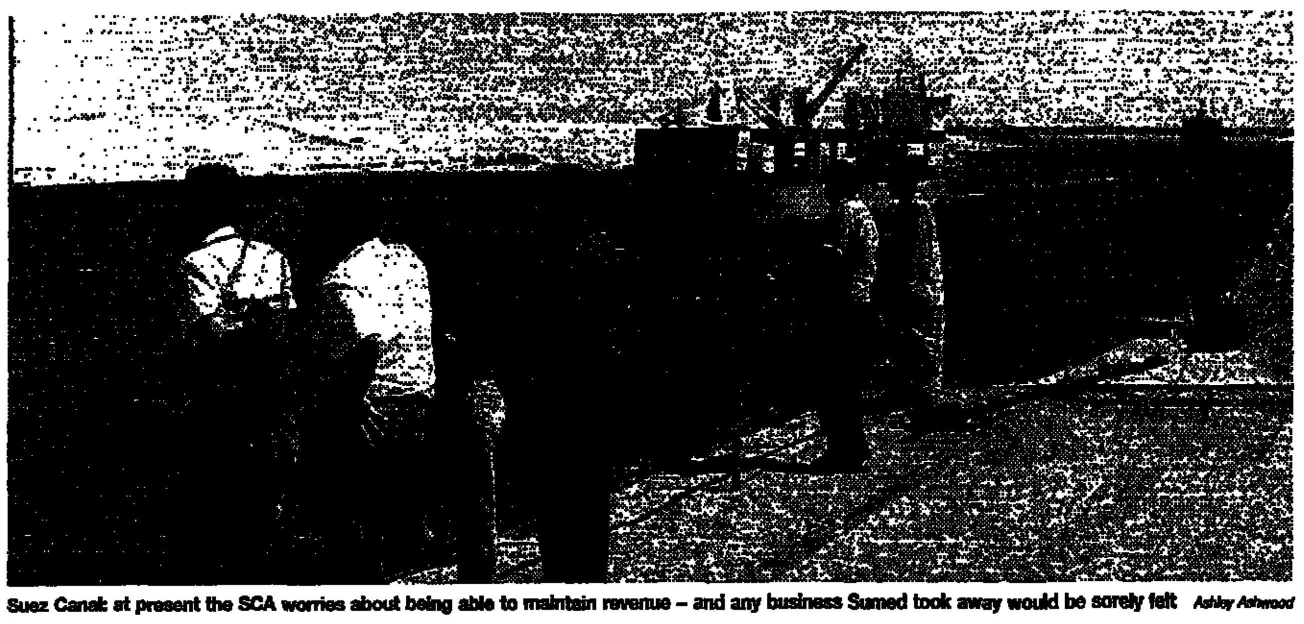
In the meantime the public sector, where output is mostly yarn and fabric, is also keen to take a part of the ready-made garment market.

Mr Fathi Ahmad Ali, who recently became head of the publicly-owned Misr Fine Spinning and Weaving company with a staff of 25,000, annual turnover of E£450m and exports of E£200m, also argues that the only way to turn round losses of E£60m a year is to improve the quality of its output.

The expected freeing of Egyptian cotton prices later this year and an eventual lowering of tariffs, should benefit the textiles sector. As a signatory to the General Agreement on Tariffs and Trade (Gatt), most Egyptian clothes manufacturers support abolition of the multi-fibre agreement.

The manufacturers say that they do not fear competition from east Asian producers when protectionist measures are removed. They argue that production costs will be kept low by importing medium to short staple cotton from abroad, instead of using the relatively expensive and high quality home grown extra-long and long staples, and employing cheap but skilled labour.

If they succeed, then the era of the Egyptian shirt has only just begun.



Suez Canal: at present the SCA worries about being able to maintain revenue – and any business Sumed took away would be sorely felt *Ashley Ashwood*

Robin Allen investigates hard bargaining between Suez Canal users

Battle of wits develops

An intriguing battle of wits is developing as more participants vie for the cheapest way to transport crude oil – and natural gas later on – from Gulf states to European markets.

In the end the result will be dictated by the market, traders and end buyers, rather than by intermediaries such as Arab Petroleum Pipelines Company (Sumed) and the Suez Canal Authority (SCA). But these two, Sumed and the SCA, will be at the centre of any hard bargaining if they are not to lose their respective market shares.

New entrants on to the regional oil and gas scene could include an expanded Israeli-managed Eilat-Ashquelon oil pipeline (Tipline), if and when the Arab boycott on Israel is lifted. Tipline has a capacity of 900,000 b/d. (Iran owns 50 per cent of Tipline, from a deal going back to the days of the Shah.)

Another potential competitor for transporting crude would be a revived Trans-Arabian pipeline (the old Tapline), which had a capacity of 500,000 b/d before it was closed in the Arab-Israel war of June 1967. It has remained closed ever since.

US oil contractors are reported to have already discussed the feasibility and costs of restoring the line from the Jordan section, 50 kms east of Mafraq, where the line divides into two. One spur goes through Syria to Sidon in Lebanon; the other passes through Israel north of the occupied West Bank to Haifa on the Mediterranean. Reviving or expanding these two lines would seriously affect both Sumed and SCA.

Sumed is 50 per cent owned by Egypt. Fifteen per cent each is held by Abu Dhabi (through Abu Dhabi National Oil Company), Saudi Arabia (through Saudi Aramco), and Kuwait (via three state-owned companies). The remaining 5 per cent is held by Qatar through Qatar General Petroleum Corporation (QGPC).

The 320-km pipeline started transporting crude in January 1977 from Ain Sukhna, on the Red Sea, to Sidi Kerir, west of Alexandria. It serves tankers up to 500,000dwt with draughts up to 75 feet – too deep to pass through the Suez Canal. Egypt gets 85 per cent of the revenue from Sumed by virtue of its equity share, together with money from customs, taxes and end-ownership rights.

According to Dr Aly Nazih, Sumed's chairman, last year's daily throughput was 84m tonnes, equivalent to some 1.6m b/d, – up from 77.6m tonnes in 1992. The capacity is already there to provide for a throughput of 117m-120m tonnes a year (equivalent to 2.3m b/d), but will not be operational until completion and testing of the $120m boosting stations south of Cairo.

The new pumps will enable Sumed to increase its share of the Mediterranean and European markets.

> *The SCA is worried about being able to maintain its revenue*

Although traders are reported to have complained that the extra capacity would mean more delays for tankers off-loading at Ain Sukhna and a resulting increase in spot prices for their clients' crude, Dr Nazih curtly refutes suggestions that there had ever been delays at either Ain Sukhna or at Sidi Kerir.

Officially Sumed does not compete with the SCA – by not catering for tankers of less than 150,000dwt, the maximum that can pass fully laden through the Suez Canal. Instead, Sumed concentrates on very large crude carriers (vlccs) and ultra large crude carriers (ulccs), which discharge at Ain Sukhna, pass through the Suez Canal in ballast (empty) or partly laden, and reload at Sidi Kerir. To take tankers of less than 150,000dwt would deprive the SCA – and the Egyptian government – of much-needed revenue.

"Everyone thinks there is competition with SCA for the smaller tankers, but there is none whatsoever," Dr Nazih insists. "We are only dealing with tankers which cannot be accommodated by SCA."

This may not make commercial sense to Sumed's non-Egyptian shareholders. Sumed's expansion plans and increased capacity will inevitably lead shareholders to push for a greater market share.

In fact, as Mr Mohamed Ezzat Adel, chairman of SCA, explains, the SCA/Sumed relationship rests uneasily on an oral "professional agreement" that Sumed should offer enough incentives for buyers and traders to load all the extra capacity on to vlccs and ulccs, not on to medium-size tankers which could be using the Canal.

In an interview with the Cairo daily *Alam el Yom* on April 10, Mr Adel pointed out that "last year the Suez Canal transported 41.2m tonnes of oil from the Gulf to Europe. By contrast, Sumed carried 76.9m tonnes through the pipeline. Sumed should concentrate on oil for the US and Europe, and leave the Mediterranean ports for the Canal."

At the beginning of April the SCA began to accept loaded vessels with a beam (width) of 158 feet drawing 53 feet, instead of 144 feet drawing 55 feet. On June 1, the beam limit will be kept constant but the permissible draught will increase to 54 feet. For vlccs and ulccs in ballast, SCA has begun to accept a beam of up to 210 feet instead of 190 feet.

This extra capacity will marginally help to make SCA more attractive, underpinned by the new "long-haul rebate scheme" to tempt long-distance traffic away from the alternative Cape Route.

At present, SCA worries about being able to maintain revenue; any business Sumed might take away would be sorely felt. "Oil represents a big slice of our revenue, so I should be worried not only about competition from Sumed, but also from other lines in oil and gas cargo," Mr Adel said on April 3.

SCA's revenues for the calendar year 1993 were $1.965bn, compared with 1991-1992 fiscal year revenues of $1.752bn. The 1993 results were a disappointment. "We were anticipating more than $2bn; and this year has so far started miserably because of the recession in the west," Mr Adel said.

A ship from Jeddah to, say, the Black Sea saves 83 per cent on distance by using the canal. But a ship from Tokyo to, say, Rotterdam, which makes use of the canal, saves only 23 per cent. Incentive rates or rebate schemes can tempt these into using the canal.

Low prices for bunker fuel mean that freighters and tankers from Asia can steam around the Cape at slower speeds and save money. Moreover, the SCA must operate in SDRs, and has been losing out because of the progressive decline of the US dollar. If the dollar gets weaker, then a ship which contracted for $100,000 will actually be paying $110,000-$115,000, depending on the devaluation of the dollar.

A further worry for the SCA is the possible resumption or expansion of the Tipline. Tipline is severely under-used. It is taking 50,000 b/d of Egyptian crude. Total Israeli domestic consumption is about 200,000 b/d.

"At present this line is being used only for local consumption," Mr Adel says, "but there are studies being done to link this line with others or to build a new one. If this happens, it will cause problems for both the SCA and for Sumed."

Dr Nazih obliquely concurs: "So far we have no problem with the Israeli pipeline. Their economy has to grow a lot before they are competing with us."

It is too soon to say how Sumed and the SCA will respond to the possibility of Qatar, and perhaps Iran, wanting to pipe their gas through to a Mediterranean terminal. A multi-national natural gas consortium similar to Sumed's for crude is one possibility – if the potential Arab shareholders ever reach agreement on structure and pricing. Mr Adel said in the same interview with *Alam el Yom*: "If Qatar extends a gas pipeline to Israel for the latter's domestic use, then fine; but if this pipeline for Israel is to export gas to Europe, then this is hitting below the belt as far as the Suez Canal is concerned."

Mark Nicholson reports heady news in the hydrocarbons sector

'About to enter a gas era'

It would have sounded unlikely even a year ago, but in the past few months oil ministry officials have begun talking cautiously about Egypt becoming a gas exporting nation by the end of the decade.

There has been much excited talk – most loudly from Israel – about gas pipelines feeding Egyptian gas to its neighbour, which is already the biggest single consumer of Egypt's crude oil exports.

It remains early days for all this yet. But Egyptian officials believe they have reasons to be cheerful.

The cause is a sudden flush of good gas finds which led Mr Hamdi al-Banbi, Egypt's petroleum minister, to raise earlier this year, almost at a stroke, the official figure for Egypt's gas reserves from 12.8 trillion (million million) standard cubic feet to 21 trillion.

Moreover, after further recent finds, particularly offshore in the Mediterranean, and the recent allocation of new and potentially gas-prone concessions, ministry officials are confident that this official reserve figure could double again.

"You can say that Egypt is about to enter a gas era," says Mr Wafik Meshref, the state petroleum company's vice chairman for agreements.

All this is heady news for a hydrocarbons sector which previously had offered little to cheer about. Egypt's oil industry, for instance, continues to pump at about its capacity of 900,000 barrels a day (b/d). Oil executives say they are doing better than they expected at prolonging the life of mature fields, but tend to rule out the prospect of big new oil finds. According to many in the industry, given present trends, significant crude production looks commercially sustainable in Egypt for little more than a decade.

The oil ministry is doing what it can to squeeze life into the oil sector. Under Mr al-Banbi, the government has increased the flexibility and terms of production sharing agreements with foreign oil companies, offered bigger concessions and kept up a rolling series of bid rounds.

The present round, launched in January and scheduled to close at the end of September, offers tracts in North Sinai, West Ismailia, Beni Suef basin, Abu Aradik and Sidi Barrani, near the Libyan border. All but the last of these are considered more likely to be oil than gas prone.

Some oil executives in Cairo say there are "initially encouraging" results from the application of 3-D seismic tests beneath the hitherto opaque salt layers under the Gulf of Suez, the source of most of Egypt's crude. But such promising avenues are few.

Most people in the industry argue that with greater prizes available in Central Asia, Latin America and elsewhere, the continued attraction of Egypt for oil exploration alone will depend critically on yet further improvements in the terms of production sharing agreements.

Gas, therefore, appears to be Egypt's best bet.

According to Mr Meshref, most of the concessions awarded in the preceding bid round, which formally closed last December, are either known to have gas or seem to be gas prone.

> For the past several years, gas has been replacing fuel oil in the country's power stations

Of the five areas awarded, British Gas and Shell won the shallow Mediterranean Rosetta bloc; BG and Edison the deepwater West Delta, International Egyptian Oil Company (IEOC), the Agip arm; and Amoco the Rasal-Bar bloc in the eastern Mediterranean. (IEOC looks as if it may win the operating agreement for the deepwater East Delta tract.)

Any real talk of prospective exports will hang crucially on the results of drilling in these concessions.

But according to one of the foreign companies involved: "There is already enough encouragement, from what we see out there, to be talking about possible exports eventually".

At present, Egypt is in no position to sell gas. For the past several years the country has been engaged in a long term policy of replacing fuel oil with gas in the country's power stations, essentially to release further crude for export. The country presently has about 170,000 b/d available for export, and crude sales last year earned $2.13bn, according to Mr al-Banbi, making it one of Egypt's main hard currency earners.

By the end of this year some 75 per cent of the country's power stations will have been converted to gas, according to ministry officials, consuming roughly 64 per cent of the country's gas output. This stands presently at around 1.2m s cu ft daily.

The remainder of Egypt's gas supplies the local fertiliser industry (15 per cent of the total), other industries and household consumers (a mere 1 per cent).

But with domestic gas consumption rising by about 14-15 per cent a year, and at least three new gas fuelled power stations planned, proveable gas reserves will have to rise well above present levels before export plans can go much beyond their present early discussions.

Nevertheless these have taken place – particularly with Israel. Egyptian officials, however, are reluctant to say anything in public (or much even in private) about these talks, beyond confirming that Mr al-Banbi has discussed possible long-term export prospects. Several foreign companies are also known to be examining the possibility of an export pipeline, notably ENI, the Italian group, which has held discussions on a link from Port Said into Gaza with a capacity of about 200m cu ft a day and a possible construction cost of $800m.

Bankers in Cairo say that other proposals are being discussed but, given the continued political sensitivity of deals with the Jewish state, remain for now "a bit hush hush," as one banker put it.

Israel and perhaps also Jordan would be a natural market, given the geography of Egypt's present and likely gas finds. Of present reserves, 38.5 per cent lie in the Mediterranean, 14 per cent in the Nile Delta and 16.8 per cent in the Gulf of Suez, with the remainder in the Western Desert. Further big finds in the Mediterranean and Delta would give real impetus to an Israeli pipeline deal.

Nevertheless, Egyptian officials say cautiously that they require more detailed data on the size of a prospective Israeli market for their gas before talks with the Israelis can go much further. Moreover, the ministry is also studying Turkey as a prospective market and, possibly, Italy. For the latter, however, exports would almost certainly be feasible only through an LNG scheme, for which Egyptian officials say they would need a minimum of 5t s cu ft of gas available for export.

The Social Fund was set up after the IMF agreement

Safety net does its best

Egypt's $613m Social Fund for Development, backed by the World Bank and 16 other donors, was designed as a safety net to counter hardship caused by a structural adjustment programme imposed after an agreement with the International Monetary Fund.

Twenty per cent of the country's population is unemployed. Many are graduates with serious expectations and a high susceptibility to the Islamic fundamentalists whose recruiting ground they have become. At least another 20 per cent is under-employed and a further 20-25 per cent eke out some sort of existence beneath the poverty line.

If Egypt is to keep pace with a population growth of 2.3 per cent a year (as reported in the 1992 Egypt Demographic and Health Survey), it needs to create 600,000 jobs a year for things to stay as they are.

The IMF programme, removing $10bn worth of subsidies on most goods (with the exception of the potentially explosive baladi bread price) and services, began to bite in 1991. The programme followed successful fiscal adjustment and foresaw large scale privatisation and a wider shakeout in the arthritic government bureaucracy.

Very little privatisation has taken place and there has been almost nothing in the way of public sector redundancies leading to "employment retraining and adjustment" – the fund's priority.

Established three years ago, it was first seen as independent from the government. Targeted at Gulf War returnees, laid-off workers, women and children, it came in for some early criticism because of alleged political pressures on its allocation process. Eight of the 17 board members were cabinet ministers who, critics claimed, behaved like lobbyists for their own ministries.

Apart from the difficulties of recruiting suitably trained people, establishing reporting systems, identifying projects, and satisfying the specifications of 17 different donors, every decision had to be cleared by the board. Disbursement was extremely slow.

Administrative infighting led to the resignation in early 1992 of Mr Hamid Mubarak, the then managing director and the president's cousin. Mr Hussein el-Gamal, who succeeded him, has tried to improve the fund's image and streamline its decision making. An executive committee of seven – four ministers and three businessmen – was established. The spending of sums over £10m requires the imprimatur of the World Bank, which retains a resident officer to monitor the fund. But sums up to $1.5m can be authorised by Mr el-Gamal on his own, and the committee.

Of the E£382m invested, most of it over the last 18 months, by far the largest amount – E£228m – has gone into the enterprise development element of the nominally six-pronged scheme.

No-one denies that the main beneficiaries have been unemployed, politically dangerous graduates, who suffer up to 85 per cent unemployment in sensitive parts of the country such as Assiut, traditionally the stronghold of the Moslem Brotherhood.

"The poor will always find some sort of employment, even begging," says Ms Thea Christiansen, an official at the United Nations Development Fund which has established the Fund's basic channels. "Unemployed graduates are not in their situation because of structural adjustment. The government job guarantee system disappeared long ago, and because they are a political threat, the government wants to provide some alternative to the fundamentalists."

Islamic militants have already found a political voice through the professional unions which, in the past, ensured jobs for life. Part of the fund's function is to change the attitudes of graduates whose employment in the public sector once gained them not just security of work and a pension at the end of it, but enormous status.

In place of what was once the safe option, graduates – mostly graduates of technical colleges – are being persuaded to join credit schemes to establish small businesses in their home areas. Cheap loans supplied through local banks by the Arab Fund, Kuwait and the United Arab Emirates are the most popular.

Local support groups – the 8,000 effective non-government organisations – are responsible for the loans if the beneficiaries fail, but so far the maximum business failure rate has been 7 per cent.

"There are risks to credit schemes everywhere," says Ms Amani Abou Zeid, senior officer at the Fund's projects and planning unit. "A 10 to 15 per cent failure rate would still be considered successful."

The credit scheme is estimated to have benefited 385,000 people and created 77,771 permanent jobs. Cattle raising enterprises seem the most popular. Otherwise small sewing businesses are the most talked about, but they have been part of the government's productive family programme for a number of years. That is not to say that the truly poor have been entirely neglected. Almost E£73m has been spent on public works such as irrigation, River Nile protection schemes, provision of potable water and rural road improvements.

The community development element of the fund, aimed at eradicating illiteracy (perhaps Egypt's most fundamental difficulty, along with population growth), providing village pumps and a modicum of health care, has accounted for E£ 67m. Only E£10m has been devoted to employment retraining, for which there has been little demand as yet. Technical assistance accounts for another E£10m, largely devoted to strengthening the non government organisations which perform a crucial role at the sharp end of most schemes.

The social fund, based on a much less ambitious project in Bolivia in the 1980s, has had some serious and sometimes unfair criticism. It employs only 120 staff, including those in 12 regional offices. They present their accounts once every 15 days. Everything is strictly accounted for. They feel that the local press and some politicians have raised unreasonable expectations. "We are here to alleviate, not to eradicate problems," says Ms Abu Zeid.

If a safety net is not in place, as Egypt goes through the pain of adjustment, it will not be for want of the social fund's best – if belated – efforts.

Stephanie Gray

Robin Allen takes a look at Alexandria's entrepreneurial flair

Vivid history underfoot

The city of Alexandria is restaking its claim to be recognised as a business centre of primary importance – particularly for the private sector – after years of playing second fiddle to Cairo.

Its business community never deserved the position of relative obscurity which has dogged it for the last 35 years, since the late President Nasser's brand of socialism, which meant wholesale nationalisation, effectively choked off the entrepreneurial flair of Alexandria's people.

It has the largest port in Africa, capable of handling the biggest containers. Through this passes 80 per cent of Egypt's foreign trade. Winds blowing year round from the Mediterranean ensure pollution-free air – a great relief after Cairo. Alexandria has good road and rail connections to Cairo and the Canal Zone.

A 1,000-acre free-zone at Amyria, 25 kms south-west of Alexandria on the road to the new city of Borg El-Arab, offers 10-year renewable tax holidays to investors. Five-year tax holidays are also on offer to investors in some areas onshore.

Sooner or later – probably later – Alexandria will get the airport it deserves

Alexandria should have an international airport worthy of the name, but the air force is reported to be reluctant to give up any of its military facilities to more profitable commercial traffic. At present, regular flights to Europe are limited to Athens and Frankfurt, and to Jeddah and Kuwait in the Middle East. Sooner or later – more likely, later, given the central government's ponderous decision-making process – Alexandria will get the airport its business community deserves.

It is a far easier city than Cairo to move around in, except in the July-August holiday season, when its population increases by 2m-3m, mostly tourists from Egypt itself and from other Arab countries. In its latest heyday (in the 19th century and early part of the 20th), Greeks, Italians, French, Austro-Hungarians and British flocked here in their thousands to live.

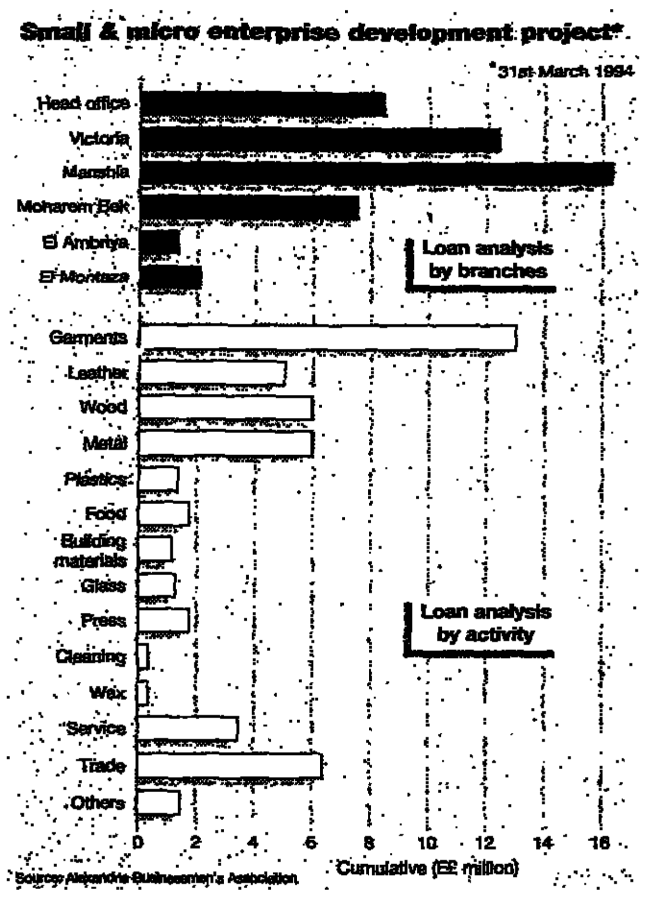
That all ended in the 1950s. "We took far too long to throw you British out," says Mrs Amal Hamdi, the government's information under-secretary for Alexandria and Lower Egypt, smiling. Now western visitors, including British, are gradually coming back in hundreds rather than thousands, drawn by the city's extraordinary historical legacy rather than by the city beaches.

Recent sun-and-sea tourism development is the only distressing feature of the city and its coastline. For some 10 kms either side of the old city centre at Saad Zaghloul square, facing the eastern harbour, the authorities seem to have abandoned all restraint in allowing construction of hideous seafront apartment blocks, devoid of any attempt at landscaping.

The result is one gaunt breeze-block and cement high-rise after another – a visual mixture of dilapidated war-torn Beirut, Tashkent after the 1965 earthquake and Naples ribbon development at its most shabby. Cement pillboxes on one area of the beach (an area several kilometres long) masquerade as beach-huts. There is neither a tree nor a flower in sight.

There is, as there has to be, an economic reason for the shattered appearance of many buildings and the lack of maintenance in many parts of the city. Since President Nasser imposed rent controls in the 1950s, no landlord has been willing to spend more than the bare essentials on upkeep. And since they sold plots to property developers, many Alexandrians are no longer as poor as they were.

In any case, this strip development is an aberration. The British regret their soul-destroying 1960s high-rise architecture; Alexandrians shrug off the mistakes of the past in favour of Mediterranean skies and making money. They do so with a measure of success and a sense of humour.



Fifteen of the city's most prominent businessmen are also honorary consuls, and enjoy the extra status their diplomatic positions give them. This, too, does no harm when it comes to selling Alexandria abroad; they are all members not only of the official chamber of commerce, but also of the highly efficient and successful Alexandria Businessmen's Association (ABA: see article opposite).

As in the rest of Egypt, the local economy is relatively depressed. High interest rates and the government's tight monetary policy have restricted corporate growth. But several western companies have set up packaging and assembly plants, taking advantage of the local pool of cheap, skilled labour. Braun of Germany has a joint-venture assembly plant for its electric razors; Unilever is in partnership with the local Fine Foods, packaging tea and instant foods. The owner of Fine Foods, Mr Mohamed El-Rachid, does official duties as the honorary consul for Mexico. Another prominent figure, Mr Mustafa El-Naggar, whose meat import business includes a company in Eastbourne, England, does the honours for Norway, while his nephew looks after official Danish interests.

Alexandria's business community is led by entrepreneurs whose multilingual talents reflect the cosmopolitan years of the 19th and early 20th centuries. These business leaders are less interested in grandiose plans to privatise debt-ridden public-sector companies than in encouraging the small – and very small – companies which give Alexandria its commercial impetus. They have the advantage that Alexandria has, so far at least, been untouched by the violence of Islamic activists which has marked Cairo and upper Egypt.

Communities in Alexandria are homogeneous enough for militant outsiders (or anyone doing anything out of the ordinary) to be quickly spotted by residents themselves – even before the police, who are regarded as rather efficient, might be called in.

Visitors with a sense of history have the bonus of knowing that wherever they put their feet, they are almost certainly standing on a thousand-year-old underground tunnel or catacomb, which could date from the Ptolemaic period of Alexander the Great's successors after 330 BC. Wherever you go, well-hidden for the most part in the general clutter of buildings, are relics of the city's Ptolemaic, Byzantine, Graeco-Roman, Arab and Turkish pasts.

There are also many reminders from the last century, reflecting the regimes of Mehmet Ali and his descendants. Antique shops, 100 year-old Greek and French pastry shops and cafés (some with splendid art nouveau murals), and the faded but still resplendent Cecil Hotel are all going concerns.

But a visitor would be well advised to make sure that his feet are on solid ground. Freak accidents seem to be an important source of inspiration for local archaeologists. The best known Graeco-Roman catacombs at Kom El Shogafa were found by chance in 1900, when a donkey disappeared through the earth into an unknown shaft. In the 1960s a young woman, coming out of a cinema with her newly married husband, vanished through the pavement in the central Hurriya Street, the Bond Street of Alexandria.

More recently, an employee of the Russian consulate, nosing around a subterranean passage, is reputed to have stumbled across a crowned head inside a crystal sarcophagus in a cavern, also below Hurriya street. Neither was ever seen again. You might call it the Byzantine version of a joint venture.

The Alexandria Businessmen's Association

Quick on its feet and full of women

The Alexandria Businessmen's Association is really a misnomer, writes Robin Allen.

First, it is as much a private sector development agency as an association. Second, it has so many women members that it intends soon to rename itself the Alexandria Business Association.

But what sets it apart from more conventional business groups is the role it plays in fostering large numbers of small and micro-size private sector businesses.

It started in 1978: a business committee under the umbrella of the official chamber of commerce, with which all companies have to register.

But while there are about 130,000 members of the chamber, the ABA has only 280 members: big enough to be representative and influential; small enough to be quick on its feet.

ABA has six main aims: to improve understanding and promote contacts between private and public sectors; to promote trade and investment contacts with private sectors abroad; to safeguard the interests of Alexandria's private sector and evaluate macro and micro economic issues for local companies; to improve the city's economic and business climate; to improve community services for social reasons by providing new hospitals, schools and community centres and renovating those which need it; and to help the local private sector with start-up and working capital.

It is the existence and the success of these last two which mark ABA from more conventional groups.

Mr Kemal Sid Ahmed, vice-president, says that in a city such as Alexandria the bigger businessmen have to have – and want to have – a sense of service to the community if the role of the private sector is to be understood and accepted.

Alexandria Businessmen's Association

Small and Micro Enterprise Development projects on March 31 1994

Total active loans	18,431,932.00 E£ ($5.444m)
Outstanding balance	11,533,138.00 E£ ($3.406m)
Repayment loans up to January 31 1994	98.19 per cent
Number of active loans	6,084
Total number of loans	21,669
Total number of clients	10,929
Total lent	47,789,000.00 E£

Note: US$1=E£3.3859: exchange rate at April 6 1994: source MEED
Source: ABA Alexandria

Individual gifts and donations for private sector community or social organisations are tax deductible for up to only 7 per cent of a company's net profits. Donations to the public sector are 100 per cent tax deductible.

But the thrust of the ABA's efforts to the private sector is through the small and micro enterprise development projects.

ABA is a non-profit making group. But its investments in small and very small businesses are managed on commercial, free-market principles: small businesses, including simple artisan workshops, are scrutinised first for their viability. Loans have to be repaid on time and in full.

In fact, ABA acts as an investment bank to cottage industries. "Micro" is defined as a workshop employing up to five workers; "small" is between five and 15 workers. The programme is managed partly with the US Agency for International Development (USAID), which has provided $10m for running capital for small businessmen selected by ABA.

In the last four years, ABA has disbursed E£49m ($14.5m), and claims to have created 20,000 jobs by increasing productivity. The prompt repayment rate, Mr Sid Ahmed says, is a healthy 98.7 per cent; there are very few delinquent borrowers, and those few are thereafter barred from any further involvement with ABA's lending programme.

Given that about 1,000 applications are processed a month, this rate says something for the efficiency of ABA's three-man evaluating team. It is something no commercial bank in Egypt – certainly no public sector bank – could possibly match.

Parallel with its loan activity, ABA has set up community centres encouraging local people to maintain Alexandria's homogeneity. It also has a research studies centre attracting speakers from all levels of government and business. The association is now discussing with USAID a proposal for a management institute* in Alexandria for middle and senior management. This could ultimately be linked to US business schools offering nine-month courses to Alexandria's younger business managers.

** All enquiries should be addressed to the Alexandria Businessmen's Association, 52 El-Horreya Avenue, Alexandria, Egypt. Tel: (03)-483-2206/2411. Fax: (03)-482-9576.*

Violence has damaged earnings from tourism

The British still come

There is a tent encampment just outside Aswan, where soldiers from Cairo do seven-day stints guarding the city against the fundamentalist Gama'a Islamiyya. Its members have targeted Egypt's $3bn tourism industry which, since 1988, has outstripped oil as the country's main source of foreign exchange.

A little further down the airport road is the construction site of a tourism catering school.

Given the effect of the militants' campaign, which has reduced arrivals from 3.2m in 1992 to 2.5m last year and income down from $2.1bn to $1.3bn in the same period, one might wonder why they bother with the catering school.

Both the tent encampment and the construction site represent elements of the government's campaign to crush the activists and revive an industry which employs, directly or indirectly, 5m of Egypt's 61m population and is seen as the simplest route to creating further employment quickly.

Mr Mamdouh Beltagui, the tourism minister, believes that the international reaction to the deaths of at least three tourists, a bomb at the pyramids, another outside the Egyptian museum in Cairo and attacks on cruise ships and tourist buses in Upper Egypt, has been overdone – particularly by the western press – to devastating effect.

Occupancy rates in Cairo are just 53.5 per cent at best. In Aswan, whose economy is 60 per cent reliant on tourism, the rates this year are just 35 per cent.

Luxor, which is almost 100 per cent reliant on the industry via tours of the Valley of the Kings, Tutankhamen's tomb and the Karnak and Luxor temples, is empty and tense with only 38 per cent occupancy . . . and that only with discounts of up to 50 per cent on hotel rooms.

Tour operators have marketed Sinai as a distinct destination

Rates at Hurghada and Sharm el Sheikh, the new Red Sea/Sinai resorts which cater for the sun, sea and sand market, are doing rather better: they are up to 55 per cent so far this year, against a 1993 average of 27 per cent and 43 per cent respectively .

There is little physical or political cover for the militants in the desert, so it is no surprise that the resorts escaped the militants' campaign. Moreover, tour operators have been successful in marketing Sinai as a distinct destination, breaking any association between these resorts and the rest of Egypt.

But it is less clear why Luxor, predominantly reliant on cruise ships which now rarely ply the Nile from Cairo via Assiut, has been spared .

Apart from the government's ferocious clampdown on the fundamentalists – thousands have been rounded up and many lives have been lost among the police and suspects – one explanation is that any terrorist would be torn limb from limb if he was caught in the town by local business people who depend on the daily flows of visiting cruise passengers.

Egypt's archaeological heritage, contained primarily in Luxor, Cairo, Aswan and Abu Simbal, is where its long-term future lies.

"People only come to Egypt because it's an ancient civilisation," says Mr Adel Akladios, general manager for American Express which has a large tourism business in Cairo.

For the moment, "It has become a delay destination, but not a cancellation decision."

This is nothing new. Egypt became a serious "delay" destination after the 1985 Achille Lauro hi-jacking and riots by Cairo security police in 1986. The industry had barely recovered when it was hit by the Gulf War.


A hand-made alabaster vase is inspected at a Luxor factory *Ashley Ashwood*


The view from the Citadel of the Sultan Hassan and Rifai mosques in Cairo *Tony Andrews*

"It will take another one or two years before things are under control," says Mr Akladios. "Someone gets killed in Washington every five minutes but that doesn't get talked about. Tourists are targets in other countries. But Europeans have a gut fear of Islamic fundamentalism. If it's Islamic they think it's bloodthirsty. It's something they just don't understand."

He believes visitors will get used to the idea that "Egypt is no longer 100 per cent safe. They will know that all they have to do is avoid places like Assiut," the poverty stricken town which has long been the fundamentalists' stronghold .

Mr Akladios says the British have been the most sanguine and have continued to come in large numbers. "They are used to living with the IRA."

The biggest drop has been among high-spending Americans, together with Scandinavians, the French, the Germans, Italians and Spaniards.

Gulf tourism, which accounts for 45 per cent of the market, has been largely maintained. Egypt has embarked on an aggressive marketing campaign – having never in the past felt the need to advertise its obvious treasures.

Burson Marsteller, the world's biggest public relations company, has been hired. Saatchi and Saatchi has also been taken on. A budget of $42m a year has been approved for advertising and Mr Beltagui, who took over from Mr Fouad Sultan last October and has considerable political clout, appears frequently on the world's television screens.

The success of this campaign is seen as crucial, not just to the fortunes of hoteliers and cruise ship operators, but to the general economy. One in 15 jobs already depends on tourism and it is seen as the best hope for creating many more.

Stephanie Gray

Stephanie Gray studies population trends

A certain hubbub around the ministry

Egypt is to host the third United Nations conference for population and development next September.

Seven thousand experts will be there – and Egypt will be flaunting its achievement of reducing growth in the birth rate, among its 61m people squeezed into only 4.5 per cent of the country's area, from 3 per cent a year in 1985 to a 1993 rate of 2.3 per cent.

A certain hubbub has been generated around the new Population Ministry, created after President Hosni Mubarak's cabinet reshuffle last October.

Egypt has made impressive gains in population control over the past 10 years, largely as a result of an effective advertising campaign.

The crude birth rate has dropped from 39.9 per 1,000 in 1985 to 29.2 per 1,000 in 1993, while the crude death rate has dropped from 9.4 per thousand in 1985 to 7.4 in 1993.

The fertility rate has fallen to an average 3.9 births per woman, from 5.3 births in 1980. About 47 per cent of couples use some form of contraception – almost twice the figure recorded six years ago.

Nearly 30 per cent of these use intra-uterine devices (IUDs) – mostly supplied by the US Agency for International Development. Thirteen per cent use the pill and the remainder use traditional methods and condoms – the least popular form of control. (Unhappily, several years ago a consignment of condoms donated by the US found its way into the market place where they were sold as children's balloons.)

However, these gains are now levelling out. The next phase, during which the birth rate should stay the same and the death rate should drop, is going to be more difficult.

Dr Maher Mahram, the population minister, uses the analogy of going on a diet to lose weight.

"If you want to lose weight, it is easy at first. Once you have lost it, keeping the weight off is the difficult part."

Meanwhile some critics suggest that the hubbub might be *kalam fadi* – empty talk. "President Mubarak mentions population in every speech he makes but there is no clear commitment from the cabinet," says Dr Barbara Ibrahim, senior representative for the west and north Africa regions at the International Population Council.

"More than half of them do not think that population is a problem. They are products of the socialist era and see development as the best contraception. But unless they limit family size, there won't be any development," she says.

Mother and child in a Cairo back street — Tony Andrews

The issue has been "ghettoised" she claims, with the creation of the ministry.

The key to further progress lies with improvements in living standards and education – over which the ministry has no control.

The World Bank estimates that 20-25 per cent of the population lives on a total monthly income of less than $35. Almost one in four children under the age of five is malnourished. 36 per cent of the male population is illiterate; 48 per cent of females are illiterate.

> Some imams have been preaching against contraception in the local mosques

Furthermore, attitudes among men – particularly in the rural areas of Upper Egypt – need to be altered. The latest Egypt Demographic and Health Survey shows that 40 per cent of men feel they should have the primary role in decisions about childbearing (a figure disputed by Mr Robin Lee at the Marie Stopes clinic in Shoubra, a Cairo suburb, who claims that it is more like 80 per cent). Only 27 per cent of couples in Upper Egypt use contraception and the average number of children per household is six. In rural areas, children are still regarded as cheap labour; it is no surprise that the highest fertility rates are found where socio-economic indicators are lowest.

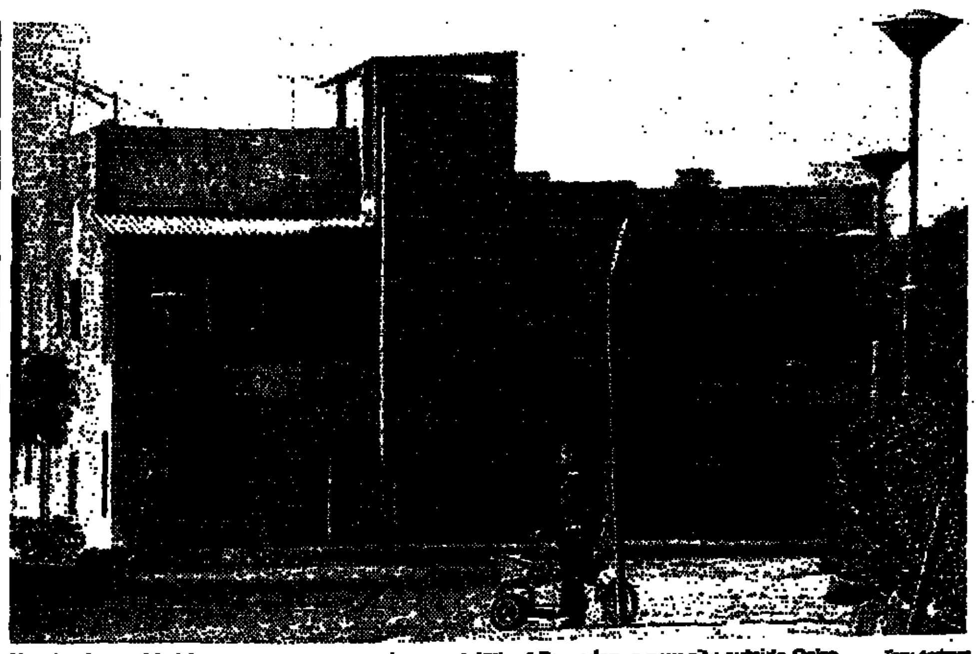
These issues are deeply entrenched. A more recent one is the rise in Islamic fundamentalism. Dr Mahran denies that this has become a serious problem. The Grand Mufti, Egypt's highest authority on Islamic jurisprudence, has declared that family planning does not contradict the teachings of Allah. But some imams have been preaching against it in the local mosques.

According to Dr Ibrahim, studies show that some doctors serving in government clinics are being recruited by Islamic militants who see family planning as a western plot. The physicians are making no more than a general protest against the government in denying contraceptive advice, she says, rather than exercising some deeply held religious conviction. "It has just become a convenient whipping boy."

More subtly, women surveyed at the Marie Stopes clinic were found to be reacting to advertising in a manner opposite from that intended. When shown two scenes, one with a woman relaxing and painting her finger nails, the other a mother of five rushing about doing the housework, they saw the harried housewife as their preferred role model.

For these attitudes to change, the ministry needs a much larger budget than it has; Dr Mahran complains about his lack of resources.

Perhaps September's conference will give the issue sufficient prestige to ensure renewed political will to succeed.



Housing is provided for some company employees at 10th of Ramadan, a new city outside Cairo — Tony Andrews

Robin Allen investigates the 'new communities'

Plans look pretty good on paper

The scale of Egypt's population problem is awesome. By the government's own reckoning, 98 per cent of the country's 61m population live in just 4 per cent of its area – along the Nile valley and in the Delta.

But the rich farmland in the Nile Valley is fast being destroyed. From the train window going north to Alexandria or south to Luxor, it is easy to see how new breeze-block houses and signs of urban development are eroding the land on which the mass of the population depend for survival.

Many of the so-called sweet water canals are stagnant and polluted, blocked by construction as Cairo and other cities spread outwards. In some districts of Cairo, itself choked by its 12m population – four times the size of 30 years ago – the population density is now 29,000 per square kilometre.

According to the ministry of new communities, Egypt's population has risen from some 11m in 1900, to 44m in 1981, to 61m today. It will be 70m by 2000 if the growth continues at the present rate of 2.3 per cent a year. (Even if the growth rate were reduced to 2 per cent, that still means more than a million extra mouths to feed every year.)

For many years the government has had an overall plan to spread development over the country as a whole, to take pressure off the Nile Valley and the Delta. For this purpose the country has been divided into six areas: the full length of both sides of the Suez canal; the northern coast from Alexandria westwards; the entire western desert bordered by Libya to the west and Sudan to the south; the full length of the Red Sea coast; the Sinai peninsula, and the Aswan High Dam area.

The plan looks good on paper, but it is too enormous an undertaking – with Egypt's limited funds – to meet immediate needs. For the last 15 years the emphasis has been on building new desert cities partly supported by land reclaimed for agriculture. But it is a desperate race against time.

The government well knows how urgent the demographic problem is; it symbolically acknowledged as much in last October's cabinet reshuffle, when the present ministry for new communities emerged in its own right.

The government's plan to spread the population is divided into three "generations" of new desert communities (see map). The first consists of seven new cities – with a hard core of four, where many industries have already been started in response to government incentives.

The four most advanced cities are 10th of Ramadan (named after the date in the Islamic calendar when Egypt launched the successful attack, in October 1973, against the Israelis entrenched behind the Bar Lev line on the eastern bank of the Suez Canal). Sadat City; 6th of October city; and New Borg Al Arab.

10th of Ramadan city is about 55 kilometres east of Cairo on the road to Ismailiya and the Canal zone. Covering an area of about 48 sq kms, it has a target population of 500,000 people. About 100,000 (37,000 workers and their families) are already installed. The ministry claims there are 535 factories in operation, with an annual output of about $850m.

Sadat City, off the Cairo-Alexandria road, is spread over a similar area and has the same target population. Its present population is about 29,000 workers and their families. The city's 96 factories have an annual output of less than $200m.

6th of October City is intended to be the western anchor of a new east-west growth corridor in the greater Cairo region – and to relieve growing population density away from the Pyramids Plateau, west of Cairo. It also has a target population of 500,000, but it still only has about100,000. New Borg Al Arab, some 60 kms from Alexandria, has a similar target and actual population figures as the previous three; it has an actual annual output of some $180m.

Established industries – food-processing, pharmaceutical industries, consumer durables and electronics – include many joint ventures with foreign companies which have responded to the government's offer of a 10-year tax holiday, cheap land and new infrastructure. The prospect of employment has attracted abundant skilled labour. All four cities produce about $1.3bn worth of goods a year, exported to other Arab states.

The other three "first generation" cities are smaller in scope. 15th of May city, east of the heavy industrial area of Helwan, has a target of 250,000 inhabitants and covers an area of some 27 sq kms. New Damietta, on the north coast, has a similar target population but is less advanced. New Salhya, in the eastern part of the Delta, is planned as a centre for agro-industries and service industries with a population of about 70,000.

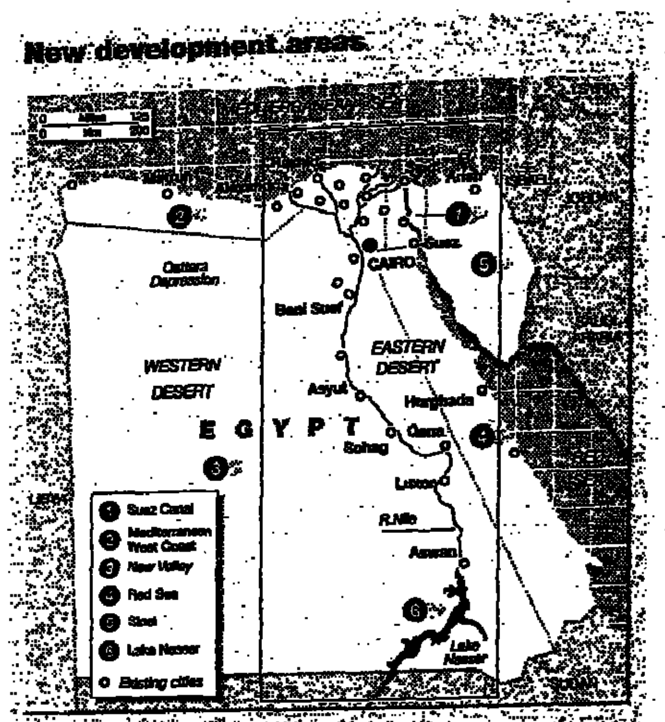
The second generation of cities, El Obour, Badr, New Nobaria, and New Beni Suef/New El Menya are less advanced, although construction has started. The third generation of cities is either at the detailed studies phase, or basic infrastructure is being provided.

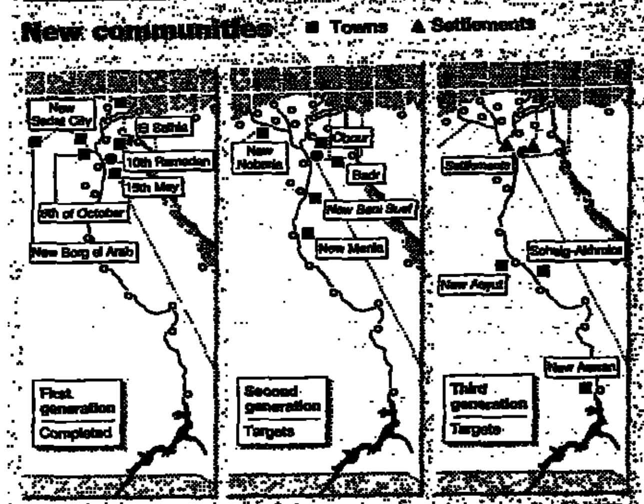
A feature of all the established new cities is relative freedom from the air pollution which characterises Cairo, and the relative cleanliness of the streets. But – to western eyes at least, both in Sadat City three years ago and in 10th of Ramadan today – there are endemic problems of poor maintenance and low quality public services. Landscaping is basic. Maintenance is simply shoddy. It is a question of priorities – of how much can be achieved, given Egypt's limited resources.

Up to the end of last year some $3bn had been invested in industrial projects in the first generation cities. They employed some 170,000 people. Not the least of the problems facing their successful development is the question mark over the government's sustained willingness to appoint the right people to oversee the programme and leave them alone to get on with it.

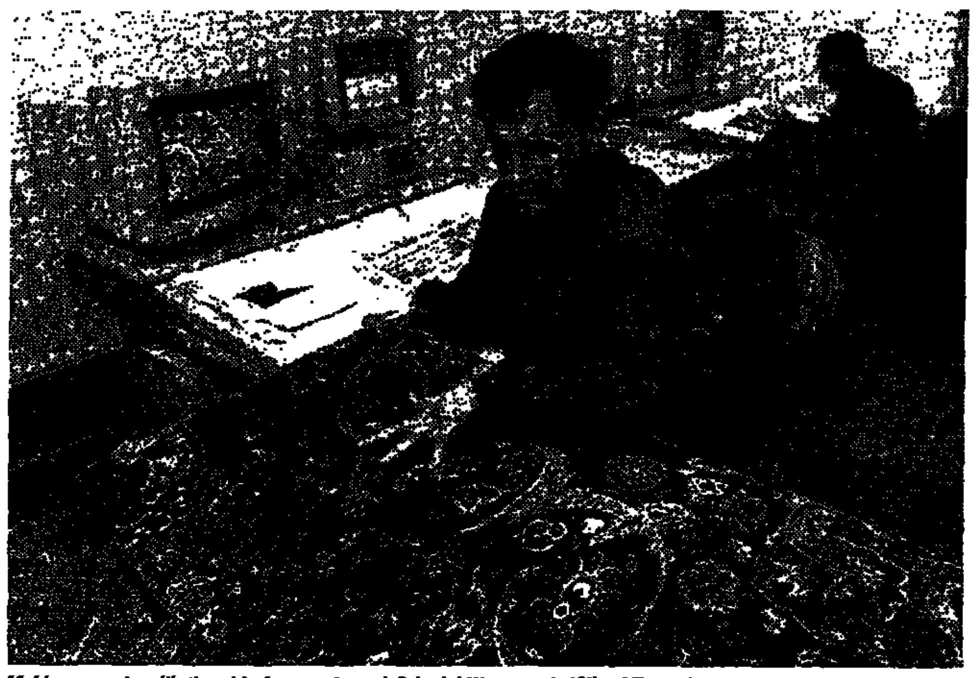
The ministry for new communities shows all the signs of a new bureaucracy getting itself comfortably installed in a makeshift ministry building. Priority seems to have been given to the quality of the wood panelling on the upper ministerial floor and to the long lines of individual petitioners awaiting the attention of the minister, Mr Mohamed Suleiman.

Traditional Egyptian bureaucratic methods do not bode well for the future of the new cities. If a visitor to the ministry fails to spot, in the derelict lobby, the small lift reserved for direct access to the ministerial floor, he may find himself on one of the "lesser" floors, where presumed staff wander round chatting or sit reading newspapers. It would seem that real work is left to a small number of dedicated – and very harassed-looking – staff on the top floor.





Source: Ministry for New Communities



Making carpets with the aid of computers at Oriental Weavers, in10th of Ramadan — Tony Andrews